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INTERNATIONAL

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WEATHER — PARIS: Tuesday, fair, Temp. 64-66 (52-54) — cloudy, fair. LONDON: Tuesday, sunny and sunny. Temp. 59-61 (45-45). Wednesday, cloudy, variable. Temp. 59-61 (45-45). Thursday, sunny, variable. Temp. 59-61 (45-45). Friday, sunny, variable. Temp. 59-61 (45-45). Saturday, sunny, variable. Temp. 59-61 (45-45). Sunday, sunny, variable. Temp. 59-61 (45-45). ADDITIONAL WEATHER — COMICS PAGE

29,973

PARIS, TUESDAY, JUNE 26, 1979

Established 1887

Gromyko Warns U.S. on Changes in SALT-2 Pact

By Craig Whitney

SCOW, June 25 (NYT) — Soviet Foreign Minister Andrei Gromyko today said that the Soviet Union would not accept any changes in the SALT-2 arms limitation treaty in Vienna a week ago would "the end of negotiations," he called "a fantastic situation."

Gromyko's statement was during a wide-ranging news conference in which he said that the Soviet Union would not accept any changes in the SALT-2 arms limitation treaty in Vienna a week ago would "the end of negotiations," he called "a fantastic situation."

Brezhnev said in Vienna that he was not going to change the agreement cause it to collapse. Mr. Gromyko's stronger words are only what the Senate Democratic majority leader, Robert Byrd of Virginia, will hear when he is here to discuss the treaty. Soviet leaders next Tuesday, a foreign minister asserted the arms treaty, which limits

Turkey military commander says U.S. use of airspace for monitoring SALT. Page 4.

side's strategic bombers and lies to 2,250, from the year to 1985, was of "exceptional importance."

He said that future strategic talks should include other nuclear powers and should discuss aircraft that could be used to attack Soviet targets from bases in the Middle East.

He hinted strongly that the United States would veto an extension of the mandate for the United Nations expeditionary force in the Sinai Desert when the Security Council votes on it next month.

He defended Cuban military aid in Africa as "legal" and "justified" and said that Mr. Carter and Mr. Brezhnev had not found a "common language" to avoid clashes over policies toward Africa and

He attacked China for its negative attitude toward the strategic arms treaty and said that Mr. Carter had promised that Washington would not develop relations with China at the expense of the United States.

Mr. Gromyko said the arms treaty was an essential step toward peace and détente. "This treaty is not put an end to the arms race," he said. "It brakes it."

Those political figures in the United States who oppose the treaty are "hesitating," he said, "to be objective and just, and to understand that this treaty



A land mine heavily damaged car carrying three guards who were trailing Gen. Alexander Haig, the NATO commander, on road near Oboourg, Belgium, yesterday. The general was unharmed.

3 Guards Injured in Attack in Belgium

Gen. Haig Unhurt in Car Blast

CASTEAU, Belgium, June 25 (AP) — Gen. Alexander Haig, the NATO military commander, escaped unharmed today from an apparent assassination attempt by an explosion. The blast injured three of his guards and damaged his car as he was being driven from his home in Oboourg to his office in Casteau, authorities said.

A spokesman for Gen. Haig, who is to retire Friday, said that another car, a Mercedes-Benz, carrying two Belgian policemen and a U.S. security guard, was heavily damaged by the explosion, apparently caused by a land mine detonated by remote control.

The guards, who were not identified, were slightly injured, the spokesman added, and had already left the hospital. He said that Gen. Haig went to his office after the explosion and was working.

Police said the mine went off behind the general's car. The following car, that of the guards, was blown to one side, missing the hole left by the blast. Its roof and hood were dented heavily and its windshield, was shattered by the pavement and stones that the explosion ripped up. The exhaust and trunk of the general's car were damaged but the vehicle could operate. Police said there appeared to be a second car preceding the general's car.

NATO officials said they had no idea about who was responsible for the explosion, and no group claimed responsibility.

The explosion occurred at about 8:30 a.m. on a 2-lane road where it crosses a stream. Gen. Haig was being driven to his office a few kilometers away in Casteau, site of Supreme Headquarters Allied Powers Europe, 50 kilometers south of Brussels.

Gen. Haig, 54, is retiring after 31 years of active military service. He commanded allied and U.S. forces in Europe for 4 1/2 years. He has been considered among Republican candidates for the U.S. presidency. When he announced his retirement in January, Gen. Haig said he had no political plans, but "nothing is excluded."



Gen. Alexander Haig

He has strongly and repeatedly insisted on the need for strengthening and modernizing NATO defense, underlining the threat of the growing Soviet bloc military force. At the same time, he has been emphasizing the need to analyze and cope with global Soviet political and military strategy.

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As Model at Tokyo Summit

U.S. Is Said to Reject EEC Oil-Freeze Plan

By Hobart Rowen

TOKYO, June 25 (WP) — The Common Market's decision to clamp a freeze on its oil imports until 1985 was all but rejected by the Carter administration as a model for the Tokyo summit. The Washington Post learned today.

The EEC agreed last Friday to put a lid on its imports, on the basis of last year's volume. European leaders indicated that they would ask the United States and Japan to go along with the idea at the seven-nation economic summit opening here Thursday.

But U.S. officials see two major deficiencies in a worldwide extension of the Common Market proposal. First, it would excessively favor Europe, compared with other major industrial nations, because of an influx of oil from the North Sea — in which all European nations share — is expected to grow until 1985, when it will peak.

"An equal freeze on everybody," said a high U.S. official, "would give the (European) community a privileged sanctuary."

Second, such a freeze would allow consumption to rise in Europe, and therefore would not be a decisive response to the Organization of Petroleum Exporting Countries, which has been demanding a meaningful cut in oil usage.

Officials here remain edgy about the OPEC summit, due to start tomorrow in Geneva. They were not soothed by Saudi Arabian Oil Minister Sheikh Ahmed Zaki Yamani's \$18 per barrel in OPEC's petroleum price would be reasonable.

"I can't be sure, of course," said a member of the Carter summit team, "but I think we're going to get a large increase and I'm worried."

To a background briefing, an administration official said that "the idea [at the summit] is to come up with a collective effort in which all countries participate." Some-thing, he said, another official added that if the summit is to be productive "it will not be so because one or another country presented some predetermined plan which everyone else was expected to agree to."

Japan has another reason to oppose a freeze — its all but total dependence on imported oil. Both U.S. and Japanese sources agreed today that whatever energy curtailment program is finally adopted, Japan's special problem will be taken into consideration.

At the first session this morning of their bilateral meeting, President Carter and Premier Masuyoshi Ohira directed Energy Secretary James Schlesinger, a last-minute addition to the Carter summit team, to meet with Minister of Trade and Industry Masumi Esaki to discuss the problem.

Officials here insisted that no U.S.-Japanese energy plan was being formulated as a counter to the Sunshbury declaration. Rather, (Continued on Page 2, Col. 4)

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Summit to Consider Refugee Problems

By Edward C. Walsh and William Chapman

TOKYO, June 25 (WP) — President Carter and Japanese Premier Masuyoshi Ohira agreed today to make the subject of Indochinese refugees a major issue when they meet here later this week with leaders from Western Europe and Canada.

At Mr. Carter's and Mr. Ohira's instructions, Secretary of State Cyrus Vance and Japanese Foreign Minister Susao Sonoda met today and were scheduled to meet again tomorrow to discuss in more detail possible collective action to relieve the plight of more than 300,000 refugees who are scattered across Southeast Asia.

U.S. officials insisted that there were no plans to present a joint U.S.-Japanese proposal on the refugee question at the industrial democracies that begins here on Thursday.

The president was clearly seeking Japanese support for additional commitments by the seven summit nations to provide assistance to the refugees, and administration officials traveling with him seemed pleased with the initial Japanese response.

Largely at Mr. Carter's initiative, the refugee question has emerged in the last week as second in importance only to energy among the issues that will be discussed at the economic summit. In addition to the United States and Japan, the other summit countries are Britain, France, West Germany, Italy and Canada.

While the summit is unlikely to produce specific pledges by any of the countries, the president is expected to seek a public commitment from the others to do significantly more in terms of the numbers of refugees they accept or the financial aid they provide for the refugees or both.

He also is expected privately to ask the other leaders to exert their influence on the government of Vietnam to halt its wholesale expulsion of ethnic Chinese from that country, which is the main source of the refugee crisis.

There had been speculation in Tokyo that Mr. Carter might make specific new demands that the Japanese agree to admit more Indochinese refugees as permanent residents or contribute more funds to the international resettlement effort.

However, informed Japanese sources said that the president made no specific requests on either point. They also emphasized that Mr. Carter did not criticize Japan's performance in admitting refugees.

an extremely sensitive subject for Mr. Ohira.

The Japanese officials said that Mr. Carter told Mr. Ohira that the refugee issue is not just a problem for Japan and the United States, but should involve their five allies who are coming to Tokyo later in the week.

The Japanese initially had not wanted the refugee issue to play an important part in the summit discussions. Officials emphasized today that it still was not listed as a formal agenda item for the talks.

Japan has suffered persistent foreign criticism for its failure to admit more refugees. So far, it has legally accepted only six Vietnamese under laws that require family relations in Japan or a willing sponsor to guarantee them jobs. Japan has more recently agreed to accept up to 500 refugees permanently, but officials contend that the country lacks room to settle larger numbers.

The United States currently accepts 7,000 Indochinese refugees a month.

Japan is the second largest contributor of funds to the office of the United Nations High Commissioner for Refugees and has promised to make more funds available. Mr. Ohira was quoted today as saying that Japan will provide at least one-fourth of the funds needed to construct a large center on some Southeast Asian island that would serve as a temporary haven for refugees. The location has not been disclosed but it is expected to be in Indonesia.

According to U.S. officials, Mr. Carter and Mr. Ohira also agreed today to raise the questions of world hunger and technological development in Third World countries during the economic summit.

Little else was made public about the Carter-Ohira talks during the first day of a three-day state visit to Japan that is viewed here as a largely ceremonial prelude to the economic summit conference.

Tonight, Mr. Carter attended a state dinner hosted by Emperor Hirohito, where in another toast he declared that the prosperous nations that will be represented at the summit "have the resources, the skill and the dedication" to overcome such problems as world hunger and energy shortages.

During the day, the president visited Tokyo's Meiji shrine, a memorial to Emperor Meiji, who reigned from 1852 to 1912, and the nearby iris garden. Mr. Carter pronounced the garden "very beautiful," and then asked reporters who had posed the question, "What do you expect me to say?"

A Refugee's Story

Cambodians Starving in Forest

By Henry Kanun

BANGKOK, June 25 (NYT) — Thousands of Cambodians who have been forced back into their country by Thailand this month are huddled starving in a forest at the foot of the cliffs that mark the border, waiting to be rescued, according to a refugee who made his way back into this country.

Many have already died, a frail and trembling former civil servant said yesterday in halting French. They are staying where they are because they hope that the world will come to their aid, feed them and find a way to bring them back out. Even if they wanted to move, the

frequent sound of exploding land mines restrains them, the returned refugee said, as does the prospect of finding only dead forest, with few trails, hardly passable in this season of heavy monsoon rains. The smell of death hovers in the forest that hides them, the Cambodians said.

Malaysia admits forcing 13,000 refugees back to sea last week. Page 4.

dian said, because the ground is rocky and the dead lie nearby. The refugees are dying of hunger and illness, and from land mines that explode when they forage among the trees for fruit, leaves or roots, or go to a pond for water. When they try to cross back into Thailand, they are deterred by rifle fire.

Does the United States know this, does the United Nations know this? the refugee asked. He said that some of the refugees had brought transistor radios with them from Thailand, and that people were listening to know whether their fate had been noted. When he left a week ago they had had no sign that this was the case.

A number of embassies here, as well as international relief agencies, are studying ways in which food can be sent to the refugees despite the absence of contact with the Vietnamese-dominated Cambodian authorities.

Phnom Penh radio said Friday that 10,000 of the 45,000 Cambodians forcibly repatriated by Thailand were still in the border region, suggesting that the others had been brought under the control of the Cambodian authorities. This cannot be verified.

Although the area is nominally under the control of the Vietnamese-backed regime, no one exercises effective control.

The refugee said that it was impossible to tell how many thousands were in the border area. He said that the dense forest prevented taking even an approximate count. But he said people were huddled on the ground everywhere within view, and that smoke from the fires they made covered a large area.

The Cambodian described the situation of his compatriots as desperate and hopeless unless help arrived quickly.

"If you reach the American Embassy," he said people had told him before he set out on his journey, "tell them we are very sad. They have entrusted their hope for their lives into our hands. We have suffered so much in Cambodia. We fled to seek help from the Americans."

"Now we feel only despair. Either we will die where we are or you must help us."

He said the refugees were seeking shelter from the heavy rains under large boulders that are scattered through the forest. Most are coughing, many have high fevers, diarrhea or malaria; the elderly lie listlessly on boulders; children whimper and women cry.

Few of the refugees have any of the rice left that they brought with them from Thailand, either from (Continued on Page 2, Col. 5)

amount varies with the way a person plays. Thus, if he puts \$1,000 on the table in an hour he'll lose between \$20 and \$30 of it. But I have an edge of 1.5 percent over the house. I bet between \$100 and \$1,000 a hand. If I bet an average of \$500 and I have a 1.5 percent edge, that means I can make about \$750 an hour. That works out to about \$25,000 a week on a six-day-a-week basis."

During the course of play, Mr. Uston says, the pendulum swings between the player and the house. Counting involves knowing when and how it swings. When the odds favor the player he bets more and varies his play. If the swing is away from him, he lowers his bet and takes no extra chances.

Brainpower the Edge

Mr. Uston believes that the casinos' ban on counters is unfair. Counting is not cheating, he said. His brains give him the advantage.

"I feel that blackjack is a game of skill. The casinos encourage the unskilled, the degenerates, the compulsives and the drunks to play because they know they'll drop a bundle. They don't, on the other hand, have a right to exclude those who demonstrate real skill."

The problem in Atlantic City began early in January, when the New Jersey Casino Control Commission, the state gambling regulatory (Continued on Page 2, Col. 5)

Card-Counting '21' Player Seeks Fair Deal

By Robert E. Dallos

ATLANTIC CITY, N.J. — Five years ago, Ken Uston was the epitome of the American success story: button-down shirts, three-piece suits, \$30,000-a-year salary, rapid rise up the management ladder. A Beta Kappa graduate of Yale with a master's degree in finance at the Harvard Business School, Uston was a senior vice president of the Pacific Stock Exchange.

All that is over. Mr. Uston, in his 40s, has reached what some would view as a midlife crisis. He has an Afro and a slightly unkempt beard. His permanent residence at the Jockey Club in Las Vegas, Nev., is a luxurious condominium suite with a well-stocked and a round bed fully reflected mirrors overhead and on the walls. He can afford it.

Mr. Uston says that he spends as much time as he can at the blackjack tables, and has become good that few casinos will let a player.

He maintains that he is not really a gambler. He plays neither craps nor roulette. His only passion is blackjack, or 21. He is what is known in the casino as a "counter" — someone who keeps track of cards as they are played, thereby improving his odds against the house. Mr. Uston says that in his five

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years of full-time card playing, he has amassed more than \$3 million. He is suing to be allowed to practice his new profession. He has a number of cases pending in Nevada; his most recent suit is against Resorts International Casino here.

Explaining his midlife shift, Mr. Uston recalled: "I was making more playing cards in Vegas on the weekends than I was working for the exchange. And I was getting frustrated in the job. I'd much rather devote my efforts and my energies and my creativity and my imagination and my enthusiasm to doing my own thing."

But while the occasional winner who goes home and tells all his friends about his good fortune is vital to the gambling industry, the houses have an aversion to consistent winners. They are not, the casinos contend, playing fair.

In what has become known as "Black Tuesday" to Mr. Uston and some of his colleagues, Resorts International Casino conducted a roundup Jan. 30, throwing out all those suspected of card-counting. In all, about 22 were ejected. Mr. Uston maintains that his civil rights are being violated. The American Civil Liberties Union agrees, and is helping him pursue his case.

Mr. Uston rejects the contention that expert counters have a license to win. He concedes that he has won a lot of money at blackjack, but says that he has had plenty of losing streaks. Still, he admits, by counting cards the odds clearly favor the player.

"Normally the house should get between 2 percent and 5 percent of the total money bet at blackjack tables," Mr. Uston said. "The



Foreign Minister Andrei Gromyko speaks in Moscow yesterday.



President Carter and his wife, Rosalynn, and Japanese Emperor Hirohito listen to the national anthems of Japan and the United States during the official welcoming ceremonies yesterday.

Saudis Face Growing Pressure To Support Big OPEC Increase

GENEVA, June 25 (AP) — Pressure on Saudi Arabia mounted today to go along with other members of the Organization of Petroleum Exporting Countries in a substantial increase in the price of crude oil.

Most of the cartel's members seemed to want a base price of about \$20 a barrel. OPEC's current base price is \$14.55 a barrel but surcharges imposed by most of its members — except Saudi Arabia — have raised the average price to about \$17.

The oil ministers of the 13 nations will meet tomorrow and Wednesday to try to unify their price structure. Meanwhile, leaders of the major industrial nations, including President Carter, are in Tokyo discussing ways to deal with

the energy crisis. U.S. officials say that President Carter seeks a joint effort to reduce oil imports.

OPEC's members agree that the cartel must set a unified price and avoid the leapfrogging surcharges.

Unified Pricing

"We think there should be a single unified price structure for everybody," said Humberto Calderon Berti, Venezuela's oil minister. "The unity of OPEC is more important than the level of oil prices."

But Saudi Arabia's apparent determination to raise OPEC's price no higher than \$18 a barrel may hold.

Some OPEC members, however, suggested today that a compromise might be reached using a two-tiered

pricing system — with Saudi Arabia's official price lower than the rest of the members.

"Even a two-tiered system would be better than the present multi-tiered system," said an official of Sonatrach, the Algerian national oil company.

He said \$18.50 a barrel was the minimum price his nation would accept, and added, "Twenty dollars is the price that seems to be mentioned most."

Some of OPEC's more militant members, however, appeared to be holding out for an even higher price.

Cyrus Ebrahimpour, a member of the Iranian delegation, said that his country would ask for an OPEC price of more than \$20 but he would not be more specific. He said that Iran, which produces some of OPEC's best oil, was supported in its proposal by OPEC's African members — including Nigeria and Iraq — which also produce top-quality crude and have been getting premium prices for it.

Flexibility Urged

And Mr. Ebrahimpour, while calling for a unified price, suggested that OPEC leave open the door for surcharges, if it were determined later that they were needed. He said, however, that he did not expect surcharges to be added immediately after the base price is raised.

Saudi delegates did not disclose what they expected the conference to do, although they reiterated their hope that they could keep the new price close to the \$18-a-barrel level.

While many observers doubted that the Saudis would agree to \$20 a barrel, Mr. Ebrahimpour said that Iran hoped the Saudis would be amenable to a compromise in that range.

OPEC May Tighten Credit For Customers of Crude

NEW YORK, June 25 (AP-DJ) — There seems to be a movement among oil cartel members to tighten credit terms, further increasing the cost of oil, Petroleum Intelligence Weekly reported today.

The latest, and most significant, move is by Saudi Arabia, the world's largest oil exporter, the industry newsletter said. The Saudis have informed the four U.S. partners in the Arabian American Oil Co. of a reduction in the payment period to 30 days from 60 days — equivalent to a price increase of 17 to 20 cents a barrel, the report said. Aramco accounts for the bulk of Saudi production.

The accepted 60-day norm for payment of crude is based on the 45-to-60-day voyage for moving Midwest crudes to refining markets. With an interest rate of 11 to 12 percent a year, each 30 days of credit is worth about 1 percent of the purchase price of the oil involved.

While the 20-cents-a-barrel increase might seem inconsequential for the Aramco partners in the current pricing and market climate, it is roughly equal to the entire price reduction allowed by the Saudis under pending takeover terms.

These profits are calculated on the basis of official Saudi selling prices, which are low in relation to current prices among other members of the Organization of Petroleum Exporting Countries.

Some of the Aramco partners have been selling Saudi crude to third-party contract customers at sharply reduced payment terms ranging from 30 to 15 days, and in some cases on a cash basis, the newsletter reported.

The Saudi state oil firm Petromin has yet to notify its customers of a reduction in its payment period, and the Saudis may wish to keep it in a more attractive 60-day basis to facilitate their shift to more state-to-state deals, the newsletter noted.

The change in payment terms for

Saudi Production May Rise

JIDDAH, Saudi Arabia, June 25 (AP-DJ) — Saudi Arabia may decide to raise its oil-production ceiling by 1 million barrels daily if a unified pricing system is adopted by other cartel members, Abdul Hadi Taher, head of Petromin, said today.

The newspaper Arab News quoted Mr. Taher as saying "I think there will be a modest increase if the Organization of Petroleum Exporting Countries comes up with a unified pricing system."

However, Crown Prince Fahd recently said the country had no plans to raise oil or any time soon oil production above the current ceiling of 8.5 million barrels a day.

Leading Liberals Urge Kennedy to Challenge Carter

WASHINGTON, June 25 (AP) — Americans for Democratic Action, considered to be the leading liberal political organization in the United States, called yesterday for Sen. Edward Kennedy to challenge President Carter for the 1980 Democratic presidential nomination.

"If Sen. Kennedy chooses to run, ADA will support him," a resolution adopted by the delegates said. "Moreover, ADA commits itself to working to help create an irresistible national mandate for his candidacy."

"ADA regrets, but we do not shrink from, challenging inadequate presidential leadership," said Sen. Kennedy chooses not to run, we further commit ourselves to seeking an alternative progressive candidate who can uphold the principles of the Democratic Party and offer effective, progressive leadership."

Only seven votes were cast against the resolution when it came up for final action by about 300 delegates representing 55,000 ADA members. Opposition to the resolution centered chiefly on the prospect that Sen. Kennedy might not run.

Common Market Staff Strikes Over Salaries

BRUSSELS, June 25 (Reuters) — The floods of paper issued by the Common Market Commission slowed to a trickle today as nearly three-quarters of its administrative staff struck for the day over pay.

A union spokesman said that about 7,000 of the commission's 11,000 staff members were on strike for a 2.7-percent raise and changes in pay structure and recruitment policy. EEC staff in Luxembourg were to strike for the day tomorrow.

British Envoy Named

LONDON, June 25 (UPI) — John Leahy, assistant undersecretary of state at the Foreign Office in charge of information, has been named Britain's new ambassador to South Africa, the Foreign Office announced Monday.

Flaine-French-Alps the international ski resort

APARTMENTS FOR SALE 44 MILES FROM GENEVA IN DE LUXE CONDOMINIUMS

Designed by world famous architect Marcel Breuer, 100 miles of ski runs, cross country skiing, indoor heated swimming pool, summertime tennis, riding...

For entertainment: art exhibitions, cinema, night-clubs...

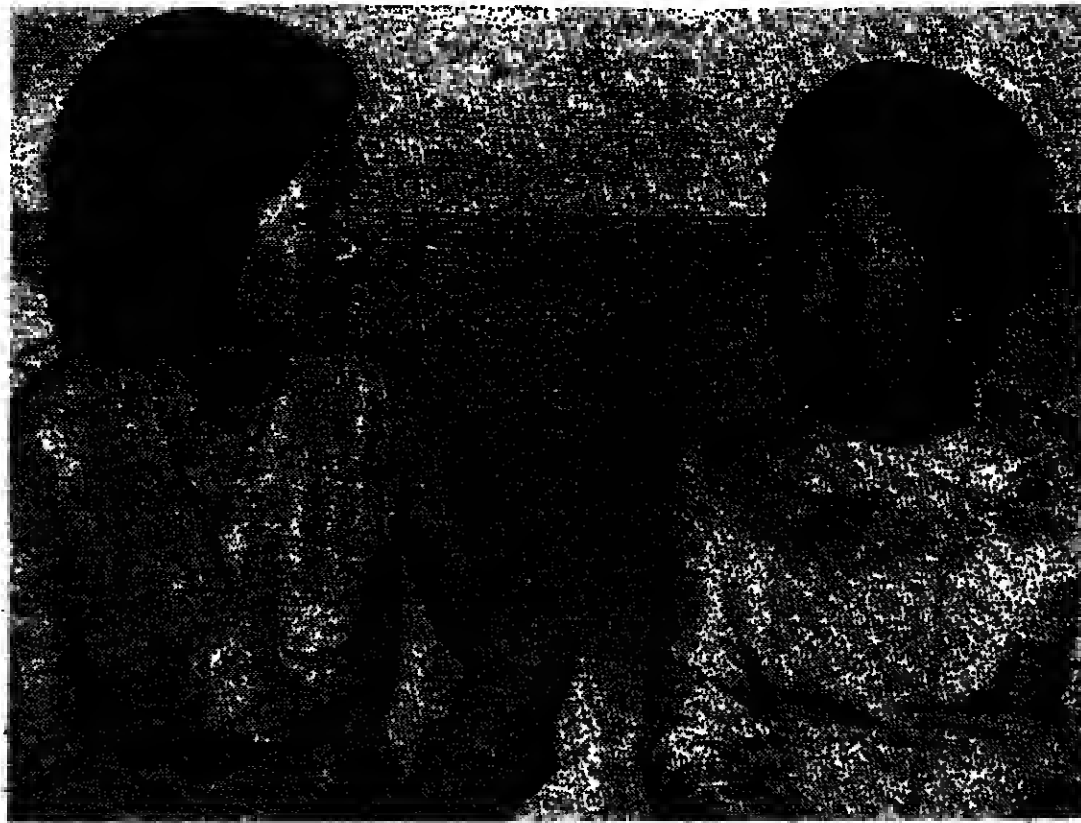
Three programs are presently for sale:

• Balance, Balier, Capricorn condominiums. A few lavishly equipped 2 and 3 main room units are still available. Prices range from 370,000 to 530,000 French francs.

• Andromède condominium. To be completed December 1979, do have studios and 2 main room apartments are offered from 214,000 to 395,000 French francs.

• Studios yielding 5% guaranteed annual net income may be purchased from 100,000 to 204,000 French francs.

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Rosalynn Carter and Empress Nagako chat at Imperial Palace yesterday.

U.S. Said Cool to EEC Oil-Import Plan

(Continued from Page 1) Representative Robert Strauss' opposition to the plan was the latest in a series of trade discussions between the United States and Japan. He served as Japan's representative in Geneva

for the multilateral trade negotiations and has also held various diplomatic posts, including a term as ambassador to the United States in 1970-73.

Cambodians Are Starving In an Impassable Forest

(Continued from Page 1)

Some of those who still have food are trading parts of it for medicines that others obtained in Thailand from the International Committee of the Red Cross. Most live entirely on roots, leaves and fruits that are normally considered inedible, which they boil over fires that are difficult to light in this season.

The Cambodian said that he did not see any food being handed out by Thai troops as they forced the refugees across the border along a deserted region of north-central Cambodia.

Thai military authorities asserted that the refugees were being expelled into a region in which Vietnamese troops would receive them and where they would be able to obtain food. They said also that all refugees received a five-day food supply before they were forced across the border.

The refugees reported that Thai troops fired at them as they were driven across, an assertion also made by the Phnom Penh radio. He said that as he scrambled down the narrow path through the mountain pass across the border he saw the bodies of two children and two adults, all of whom had been shot.

He said that shots were occasionally heard from the Thai side of the border, presumably as refugees tried to make their way back.

Diplomatic sources here regard the refugee's account as in keeping with what scarce information has become available to them through intelligence channels. They said that various means of bringing relief were being considered, but be-

cause of the dangers presented by land mines, supplying the Cambodians overland was problematical. Air drops are under consideration, but would require assurances that military forces inside Cambodia would not open fire on the planes.

"If there is no intervention from foreign nations or the United Nations," the Cambodian said, "these people will all die."

China Considers Camp

KUNMING, China, June 25 (AP) — China has agreed to consider setting up a processing camp for Vietnamese refugees, according to Joseph Califano, the U.S. secretary of health, education and welfare.

Mr. Califano, who is touring China, said that he proposed a camp — to be sponsored by the United Nations and internationally financed — to Deputy Premier Li Xianmin and that "he said OK, they would look at it right now."

Ex-High Commissioners Appeal

GENEVA, June 25 (Reuters) — Complacency in the face of developments in Southeast Asia would represent "yet another brutal blow to human rights," three former UN high commissioners for refugees said in an appeal issued here today.

August Lindt, Felix Schnyder and Sadruddin Aga Khan, who filled from 1957 to 1977 the office now held by Paul Hartling, called on the governments of Vietnam, Laos and Cambodia to permit their citizens to live in peace.

Return to Vietnam

KUALA LUMPUR, Malaysia, June 25 (Reuters) — Vietnam said today that it would take back refugees who wanted to return provided they admitted to leaving illegally.

Card-Counting '21' Player Is Looking for Fair Deal

(Continued from Page 1) agency, revised its card-shuffling rules for blackjack. The change restricted dealers from reshuffling their customary four decks of cards when they suspected players of trying to memorize cards already played.

A dealer's best weapon against counters is shuffling each time the cards are shuffled, a counter has to clear his head and start memorizing all over again.

Resorts International said that the commission's rule changes caused its casino to be "invaded by professional blackjack players" and that it was losing money to "teams of counters."

The casino said the commission told it that there was nothing in state law or commission regulations that excluded professional players. But Resorts International said that excluding counters from blackjack tables "is the common practice in all other casinos in the world."

Indeed, Mr. Uston, who said he won \$145,000 in January at Resorts International, has had his share of skirmishes with casinos elsewhere. He is persona non grata in practically every major casino in Nevada.

His suits against Las Vegas gambling establishments — charged that they discriminated economically against him. Two of the cases have been settled out of court for small monetary damages. Two others were dismissed and four are pending. None have resulted in the

one thing Mr. Uston longs for — the right to play blackjack.

Despite the ban, Mr. Uston has not been idle. He has succeeded in entering casinos in various disguises.

Mr. Uston is a slight man with fierce dark eyes, but he has appeared as Billy Williams, a boisterous, hard-drinking cowboy who wears a 10-gallon hat. On other occasions, he appears as Dr. John Wasserman, an elderly psychiatrist.

That disguise includes a gray wig, makeup spray for his beard, thick glasses, and a three-piece suit with a Shermans pin. Another getup includes a set of false front teeth that give him a Fu Man Chu look.

Californian's \$285,000 Jackpot Sets World Slot-Machine Record

LOS ANGELES, June 25 — A suburban Los Angeles man was still in Las Vegas yesterday after winning a world-record slot-machine jackpot — \$285,000 — on a progressive dollar machine at the Las Vegas Flamingo Hilton Hotel Saturday night.

But he wasn't gambling his winnings. "I might play a few slots or a little blackjack before I go home," said Brian Flannery of Mission Hills, "but I won't be high-rolling. Right now, I haven't gotten around to doing much of anything except hugging my wife and feeling lucky."

Mr. Flannery, who said he spends two or three weekends a year in Las Vegas, made his big score on the hotel's Pot of Gold machine. The previous record was \$280,000, won two years ago by a California woman at a similar machine at the Las Vegas Hilton.

"I went straight up in the air," Mr. Flannery said, "and I'm not sure I'm down yet." The big winner, who manages an office of the Beneficial Finance Co. in Hollywood, says that he has no special plans for the money. "Just winning that big was enough. I don't have to prove anything by breaking out in a rash of Rolls-Royces or round-the-world trips."

Saying that he was not sure how much he would have after taxes, Mr. Flannery noted one potentially deductible item: "An hour or so before I won, I bought a computer-horoscope ticket. It said 'You will be a super-jackpot winner.'"

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News Analysis

'Private Army' Keeps Somoza Regime Alive

By Alan Riding

MANAGUA (NYT) — Opponents of President Anastasio Somoza have always described Nicaragua's National Guard as the dictator's private army. But, until recently, even they could not conceive that the guard would be willing to destroy much of the country to preserve the Somoza family dynasty.

Yet with the regime embattled in Nicaragua and isolated abroad as the United States called last week for its replacement by a broad-based coalition of opponents, the 15,000 men of the guard have not only remained loyal to Gen. Somoza, but continued to kill noncombatants and guerrillas alike.

In Iran, much of the armed forces stood by this year while the shah's opponents overthrew the remnants of his regime. In Cuba 20 years ago, Fulgencio Batista's "protection guard" eventually collapsed under pressure from Fidel Castro's revolutionaries. Why does the Nicaraguan National Guard still identify its fate with that of the Somozas?

During the last three weeks of combat, there have been some surrenders — the Sandinista guerrillas hold about 120 prisoners — and a few deserters, including a pilot who refused to bomb a rebel-held city and flew to neighboring Costa Rica. Some senior generals reportedly believe that Gen. Somoza can win militarily but not politically and must therefore begin contemplating his departure. Yet there has been neither an attempted coup from within the guard nor has any important unit changed sides. On the contrary, even when facing a superior force, guardsmen have fought to the end. "This is why the war is so fierce," a foreign diplomat said. "Both sides are willing to die for their cause."

Minimal Support

Outside the guard, Gen. Somoza's support is minimal. The Liberal Party, which has served as a vehicle for legitimizing the family's rule through regular elections, consists of a clique which lacks a mass following. But the business community, a beneficiary of the regime's conservative economic and social policies, has been alienated by the corruption and repression of recent years.

Gen. Somoza, however, has managed to convince many ordinary soldiers that they are fighting "international Communism," while the officer corps has been persuaded that many of them will face firing squads should the Sandinista National Liberation Front triumph. In fact, even more than his father and brother, who preceded him in power, Gen. Somoza has leaned heavily on the guard.

The president's father, Anastasio, who was assassinated in 1956, laid the foundation for the family's military and political power. Chosen by withdrawing U.S. Marines to be the first director of the new National Guard in 1932, he made the officer corps fully dependent on his patronage, doling out privileges to the most loyal, including lucrative jobs within the family's fast-growing business empire.

Of his two sons, Luis, who succeeded his father and died of natural causes in 1967, was designated a politician and business administrator, while Anastasio was destined for a military career. At the age of 11, he attended the Lasalle Military Academy in Oakdale, N.Y., and, at

the age of 16, already holding the rank of captain, he entered West Point. Four years later, in 1946, he returned to Nicaragua and was appointed inspector general of the guard, prompting the remark at the time that he was "the only cadet the academy's history to receive an army as a graduation present."

Corruption Tolerated

Since then, he has established almost father-son relationships with the guard, retaining the key post of military commander even when his brother occasionally stepped down from the presidency. Senior officers were allowed to grow rich, thanks to his beneficence in the corruption he tolerated. If they were not permitted to acquire late power of their own. Key commanders were frequently rotated while provincial barracks were never sufficiently manned or armed to make rebellion a temptation.

Foot soldiers are recruited from among peasants who see the gun as offering both a guarantee of food, clothes and a regular wage and a longer-term chance of social mobility. To outsiders, their lot still is miserable, but compared most rural Nicaraguans, they are well-off and respected, if only the guns in their hands. For the too, the provider of this opportunity is not the government or the military institution, but Gen. Somoza.

The guard so clearly belongs to the president that it seems almost natural that his half-brother, Gen. Jose Somoza, and his 27-year-old son, Lt. Col. Anastasio Somoza, should also hold important military posts. The young Somoza in part is ambitious for power. Educated at Harvard and Sandhurst last year he was put in charge of infantry basic training school and has assumed a key role in defying the dynasty from the guerrilla challenge.

That challenge prompted Gen. Somoza recently to double the size of the guard — until then about 7,500 — and to acquire more modern weapons. Although the guerrillas still use World War II Sherman tanks and early model T-33 fighters, most soldiers now carry rail Gail or U.S. M-16 automatic rifles. Only pistols and hunting rifles are available to all but the guerrilla commandos.

Yet for the Sandinistas, guerrilla remains a puzzle. The traditional position that the guard would have to be destroyed has given way to appeals to soldiers desert or defect. Moises Hassar, member of the Sandinista "provisional government," explained policy:

"Those guardsmen who are responsible for assassinations, torture and genocide will have an opportunity to stay in the nation guard. But others who enjoy cruel torture and assassination, those call 'the dogs,' will be subjected to the judgment of the people."

National Guard Onslaught

MANAGUA, June 25 (AP) — The National Guard pressed a furious onslaught today against positions in eastern Managua, following two days of bombardment. National guardsmen inched forward under the cover of a barrage of machine-gun fire from tanks and helicopters and moved behind a tank and armored cars. The Sandinista guerrillas fought back in trenches and barricades.

Even disguised, Mr. Uston as he would attract too much attention with big bets. So he sits at table playing \$2 chips, while a confederate makes larger bets after receiving sophisticated hints to recognize signals from Uston. But, he complained, the ability to play himself greatly restricts his mobility.

Mr. Uston and about a half-dozen other expert counters pool their resources and divide the winning. "Right this minute," he said with a smile, "I've got two grand on table somewhere. But I won't tell you where."

The notoriety acquired in fighting the gambling houses has helped him to make money away from tables. His second book, "O Third of Shoe," has just been published. And a movie is being made of his life. He holds seminars around the country on how to play blackjack. His winnings, he said, have enabled him to invest more than \$1 million in real estate.

Resorts International contends that people like Mr. Uston and his friends cost them \$50,000 a day in changing what should be a game of chance to a game of skill. New Jersey officials have held one hearing on Mr. Uston's request to be allowed in the casino. Another hearing before the full gambling commission will be held soon.

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All Goes Right

S. to Keep DC-10s Down at Least Two More Weeks

By Richard Wirtkin

NEW YORK, June 25 (NYT) — Officials estimated yesterday that it would be two more weeks, "everything goes right," before grounded DC-10s could be rolled back in the air.

The forecast was based on the assessment of a consultant retained by the Federal Aviation Administration after the DC-10 crash in Los Angeles last month in which 273 people were killed. The consultant said to have drawn up a rigorous program of engine-mount inspections that would have to be carried out regularly pending improvements in the DC-10's structure by the manufacturer, the McDonnell Douglas Corp.

A highly placed FAA source said among the vital issues that had to be cleared up before the grounding of the three-engine planes could be lifted was one that had to do with a hazard quite different from flaws that led to the Chicago problem: was discovered on a Airlines aircraft during inspection of all DC-10s ordered by government after the accident. Apparently, an engine in flight had caused serious damage to the engine mount and damaged numerous parts in a part of the pylon that shown on flaws in the American Airlines accident. Furthermore, view of records disclosed that defects found on the United States may have been paralleled on DC-10s operated by other carriers.

10 in Alien Case

held by Mexico

JUANA, Mexico, June 25 (AP) — Mexican federal agents arrested and are holding more than 100 persons suspected of smuggling illegal aliens into the United States.

The action followed criticism by the state of Baja California, of Mexico, of its own citizens across the border, blaming it for friction with the United States.

Construction was to begin today a 6-mile-long, 10-foot-high border fence, costing \$3.5-million.



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PROTOTYPE — The U.S. Energy Department has exhibited this battery-powered car that can travel 100 miles without recharging. The two-door hatchback model has a cruising speed of 55 miles per hour and would sell for about \$6,400 at its projected production date — 1985.

Due to North's Strength

U.S. Military Urges Halt to Korea Pullout

By George C. Wilson

WASHINGTON, June 25 (WP) — The Joint Chiefs of Staff have formally recommended that President Carter suspend planned further withdrawals of U.S. combat troops from South Korea.

Informed sources said that the chiefs told Mr. Carter in a report on North Korean strength that the size of Pyongyang's forces and its recent missile-firing made withdrawals too risky at this time.

Informed sources said that Mr. Carter's timetable before receiving the chiefs' latest report called for withdrawing 9,000 troops next year. The report recommends suspension of the withdrawal, not abandoning the idea altogether.

The report is based on new intelligence data on North Korea put together by the Central Intelligence Agency and the Defense Intelligence Agency. U.S. intelligence officers have said publicly that they had underestimated the size of North Korean forces. For example, troop strength is now put at between 550,000 and 600,000, instead of the previous estimate of 450,000.

Mr. Carter and Defense Secretary Harold Brown are scheduled to meet in South Korea later this week to observe conditions on the spot and to discuss future U.S. military aid. Mr. Brown has said that he does not expect Mr. Carter to announce a decision until after he returns to Washington.

During the 1976 presidential campaign, Mr. Carter promised to withdraw U.S. troops from South Korea. He suspended the withdrawal.

Brown Says U.S. Might Do Battle In 'Vital' Mideast

NEW YORK, June 25 (AP) — The United States could become involved in a conflict in the Middle East, Defense Secretary Harold Brown said in a television interview yesterday. He also said that the United States had 11,000 troops available and "structured to move quickly and fight quickly in a number of regions outside of Europe."

The reliance of the Western democracies and Japan on oil imports has created "a serious potential security problem," Mr. Brown said.

"We do depend, and the alliance depends, on oil from the Middle East. That, therefore, becomes a vital area to us. Because it's not a stable area, we could be drawn into conflicts there."

The Carter administration had said last week that it was considering an increased military capability in the Gulf region.

On Nicaragua, Mr. Brown cited "strong evidence" that Cuba was supplying the Sandinista guerrillas with "military equipment and military advice and training." But he knew of no evidence that there were "Cuban forces on the ground in Nicaragua."

Robbers Redistribute Paris Diners' Cigars

PARIS, June 25 (Reuters) — Four masked persons with guns walked into a restaurant the night before last, relieved customers of jewelry and money and offered the guests' cigars to the kitchen staff.

One of the group, believed to have included a woman, reportedly shouted, "If there are any students here, which I very much doubt, they can keep their valuables." They left the packed Left Bank Bistrot de Paris without firing a shot, carrying a large stock of valuables.

WASHINGTON, June 25 (WP) — South Korea wants the F-16, starting with the delivery of about 40 of them, but the administration has been reluctant to risk escalating the arms race between South and North Korea by supplying such a modern weapon.

26 Die as India Soldiers Clash With Paramilitary

By Robert Trumbull

NEW DELHI, June 25 (NYT) — At least 26 soldiers and policemen were killed and more than 80 persons were wounded in firefights today between army units and striking paramilitary personnel here and in the steel town of Bokaro in the eastern state of Bihar.

The clashes broke out when the army units took over the camps of the striking policemen and confiscated their arms. Meanwhile, the strike spread today to the states of Andhra Pradesh, Kerala, Tamil Nadu, Uttar Pradesh, West Bengal and Manipur.

Prime Minister Morarji Desai, in a news conference today, stated that he was considering the enactment of a preventive detention law to deal with what he termed anarchic elements involved in the wave of violence that has swept across India in recent weeks.

Mr. Desai said that the detention law he proposed, based on a British colonial statute carried over by independent India and later abandoned, would allow court appeals and other legal resources denied to detainees under the stringent emergency regulations enforced by former Prime Minister Indira Gandhi. The emergency laws were repealed after Mrs. Gandhi's government was defeated by Mr. Desai's Janata Party.

Trend of Violence
Numerous dissatisfactions, mostly related to the unhealthy economic condition of the ordinary Indian, have erupted in violence in many parts of India lately.

The striking policemen belong to paramilitary units, controlled by the federal government, that are kept in readiness to intervene when the ordinary state law enforcement agencies find their forces insufficient to cope with disorders. They are striking for higher pay and other concessions similar to those recently granted the police forces of several states following work stoppages in protest against poor pay and working conditions.

Besides the battle between the soldiers and federal police, a resur-

Islanders Detain Australia Judge

PERTH, Australia, June 25 (Reuters) — Workers on Christmas Island in the Indian Ocean have threatened to strand an Australian judge there unless Australia takes over phosphate mines from Britain and increases the pay for the miners.

An Australian Air Force Hercules transport has been placed on standby here to fly 30 policemen to the island, but the 1,600 phosphate workers, largely of Malay and Chinese origin, will occupy the only airstrip to prevent them from landing, a union representative said.

The workers say they will keep Judge I.E. Taylor of the Australian Arbitration Commission on the island until their demands are met. Judge Taylor flew there last Tuesday to mediate the dispute.

Antibiotics in Animal Feeds Are Seen As an Increasing Risk to Human Health

By Victor Cohn

WASHINGTON, June 25 (WP) — The use of antibiotics in animal feeds is making bacteria more resistant, with growing risk to human health, a congressional study agency has concluded.

The health risk is produced when the drugs — penicillin, tetracycline and others — are used in patients and prove ineffective. The Office of Technology Assessment, an arm of Congress, said in a report released today.

As any antibiotic is used more frequently, scientists explain, the more chance there is that it will knock out the predominant, susceptible strains of any bacteria. But then the resistant, once-uncommon strains of bacteria can become predominant, and a "once-effective drug no longer works."

The agency also said the drugs are important contributors to health and weight gain in cattle, pigs, chickens and other farm animals. About 40 percent of all the antibiotics produced in the United States are made for farm use.

Question of Choice
Therefore, OTA said, Congress must decide which is more important: the economic gain in increased meat production or the risk to health as antibiotics become less effective.

In its report, OTA said: "Antibiotics in fodder contribute to a 'growing pool of drug-resistant bacteria,' and 'physicians are now reporting reduced effectiveness' of the drugs in treating diseases."

There is no way to tell how much bacterial resistance is caused by ordinary medical use — and overuse — and how much by use in feeds. But the fact that "animals and humans can and do exchange" the bacteria that become resistant helps lead to the conclusion that drug use in fodder is "a significant contributor" to hospital ward resistance.

If effects in the hospital grow to the point where they become more readily measurable, "it may be too late" to correct the problem.

Most of the drugs used in feed could be replaced with alternative drugs already approved by the Food and Drug Administration.

The economic consequences of removal might still be "substantial" in the short term, with meat production dropping and meat prices increasing. The long-term consequences, while less certain, would probably be "small decreases or no changes" in meat production and "small increases in consumer prices."

Dr. Joyce Lashoff, OTA's assistant director for health, said that OTA makes up recommendations, merely reports its findings and conclusions and sets out various options for action.

Asked for her personal feelings, she said "everyone should read the report and come to their own conclusion," but "in view of the availability of substitutes, I don't believe" the economic effect of restrictions proposed by the FDA "would be great enough to offset the potential risk to human health" if the use of antibiotics remains unrestricted.

The difficulty in making risk-versus-benefit calculations, OTA said, is that the numbers involved are uncertain and represent estimates, and "no common denominator is generally acceptable for comparing human illness and death with pounds of meat."

Dr. Donald Kennedy, FDA commissioner, is expected to announce this week whether FDA will ban use of the synthetic female sex hormone DES (diethylstilbestrol), to promote growth in beef cattle.

DES is not an antibiotic but is a proven cause of cancer in the daughters of some women who took it during pregnancy, and of genital abnormalities in some of their sons. OTA said the amount left in meat may not be enough to cause human cancers, and the health risks of the antibiotics are apparently of "greater concern" than the risk of cancer from DES.

Still, OTA said, there are great uncertainties in assessing all such risks. An FDA administrative law

judge recommended in September that DES use in cattle be banned.

Among antibiotics, FDA proposed in 1977 to prohibit routine use of penicillin in animal feeds and to eliminate most uses of two forms of tetracycline, the most widely used feed drug. The agency also withdrew approval of oxytetracycline, one of four varieties of tetracyclines — another class of antibiotics — and proposed withdrawing the others.

Sex Hormone
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Senate to Vote on Treaties Covering Taxpayers Abroad

By Robert C. Sinter

WASHINGTON, June 25 (HIT) — The Senate will vote July 9 on six tax treaties, including a protocol to exempt U.S. citizens in France from French taxation on U.S.-derived business and employment income, Senate sources said today. Their passage is virtually assured.

Along with the protocol, the Senate will vote on income-tax treaties with Hungary, Korea and the United Kingdom, and on new U.S.-French and U.S.-U.K. gift and estate-tax treaties.

The treaties were approved unanimously by the Senate Foreign Relations Committee last week and were sent to the floor as a package. The treaties will be brought up under the unanimous-consent rule, and must be approved by a two-thirds majority.

The U.S.-French protocol would eliminate possible double taxation of U.S.-based investment income of Americans living in France. The United States would treat part of such income as if it came from a French source, and would allow a foreign tax credit for French taxes paid on that portion. How that portion would be decided upon is yet to be determined.

The agreement, signed by both governments last November, was drawn up after France adopted legislation that would have subjected U.S. citizens in France to French taxation on income worldwide. Previously France had only taxed income earned internally.

Since the United States already taxes the global income of its citizens, U.S. citizens in France would have been forced to pay taxes to both countries on the same income. The protocol makes the agreement retroactive to Jan. 1.

The purpose of the tax treaties is to avoid double taxation of income; generally they conform to

Italian Bandits Well Equipped

LECCO, Italy, June 25 (AP) — Bandits using sophisticated equipment broke into the underground safe-deposit-box room of a local bank here and made off with cash and jewels worth millions of dollars, police reported today.

According to police, the bandits used the sewerage system to reach the thick wall, which they perforated with pneumatic drills.

The bandits left behind a number of pneumatic drills, blow torches and even skin diving equipment that they had apparently used to make their way into the bank through a channel carrying sewage.



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Follows Takeover of Private Banks

Iran Government Nationalizes Insurance Companies

From Agency Dispatches
TEHRAN, June 25 (AP) — The revolutionary government nationalized Iran's 15 privately owned insurance companies today, including firms controlled by U.S., British and Soviet interests. Radio Tehran announced.

The takeover came 16 days after Ayatollah Ruhollah Khomeini's Islamic regime seized the country's 27 private banks in a move it said would stabilize the economy, still suffering from the revolution that ousted Shah Mohammed Reza Pahlavi in February.

The radio said Ayatollah Khomeini's Islamic Revolutionary Council ordered Premier Mehdi

Bazargan to run the insurance companies according to "the rules of Islam" and in a way "beneficial to the people."

The announcement made no mention of compensation for the companies' stockholders and did not say how assets would be handled. After taking over the banks on June 8, the government said shareholders would be compensated at a later date, but no details have been given.

The insurance companies are reported to have been hard hit by damage claims stemming from the yearlong turmoil in Iran and by the general economic slump brought on by it. The government has been

trying to help by insisting that shipments of oil be insured by local firms.

Iranians reportedly have been paying a total of about \$320 million a year in insurance premiums. A government company handles more than a fourth of the business and the private firms cover the rest.

The companies were ordered shut down for five days today to allow the authorities to take stock of the nationalization.

Affected by the takeover were three companies with up to 20 percent British assets, two companies with up to 35 percent U.S. shares and two other companies with West German, French and Italian assets. A wholly Soviet-owned company also was taken over.

Finance and Economic Affairs Minister Ali Ardalan said new managers had been named for the firms. "We shall not allow foreigners to manage Iranian insurance companies," he said.

Economic Slowdown
The takeover was expected because several insurance companies came under government patronage with the bank nationalization and smaller firms were threatened with shutdown because of the economic slowdown since February.

Western financial sources said they were unaware of the takeover until it was actually announced.

The state radio said the decision was taken by the Revolutionary Council, then conveyed to the government. It said the council ordered the regime to nationalize the companies and take over their management and operate them according to Islamic rules.

Meanwhile, press reports said four men were executed today by Revolutionary Courts in Meshed and Sari, northeast of Tehran, bringing the total number of executions since February to 311. Three others convicted of complicity were given 200 and 100 lashes and prison terms.

Two other men tried here recently, Bahman Naderipour and Faridoun Tavangar, were convicted and executed yesterday. They were members of Savak, the Shah's secret police. Naderipour was convicted of 13 murders and Tavangar of "the most disgusting torture."

Radio Tehran also announced the execution yesterday of Lt. Gen. Morteza Shirani in Isfahan for the killing of an anti-Shah demonstrator last winter.



Louis Chiron

Louis Chiron, 79, Dies; Was Auto Racing Ace

MONTE CARLO, June 25 (AP) — Louis Chiron, 79, a motor racing ace for 36 years, died here Saturday.

Mr. Chiron, who was born in Monaco, started racing in 1924 and became a driver for Bugatti in 1928; that season he won a series of classic Grands Prix and was considered world champion, although no formal title existed then.

He won many other victories with Bugatti, including the Monaco race in 1931, before German opposition became too strong for the French team. He resumed racing after World War II, and won the first postwar French Grand Prix at Reims, in 1947. He continued to race until 1959.

He won the 1954 Monte Carlo Rally and the 1955 Monaco race, the only driver ever to win the two big Monaco events. His rally victory in a Lancia was challenged on the ground that the car had a 2.5-liter engine on a chassis designed for a 2-liter engine. The judges ruled that the Lancia Aurelia was a standard production model.

J. Millard Tawes
CRISFIELD, Md., June 25 (AP) — Former Gov. J. Millard Tawes, 85, died today of an apparent heart attack.

Mr. Tawes served two terms as Maryland's governor, in 1958 and 1962, and was then the nation's oldest governor. He began his political career as a court clerk in 1930 and spent the next 36 years in public life. His last post before he retired in 1975 was state treasurer.

Helena Jones McKenzie
GADSDEN, Ala., June 25 (AP) — Helena Jones McKenzie, 88, the last surviving child of famed railroad engineer Casey Jones, died in a hospital today. Mrs. McKenzie was 9 when her father rode to his death in Engine No. 382 at Vaughan, Miss., on April 30, 1900.

Whale-Hunt Ban Urged
WASHINGTON, June 25 (UPI) — The House today approved by voice vote a resolution calling for President Carter to urge the International Whaling Commission to declare an indefinite moratorium on commercial whaling.

In Reply to U.S. House Action

Ankara Chief of Staff Bars Turkey's Airspace to U-2s

By Dusko Doder

WASHINGTON, June 25 (WP) — Turkey's chief of staff has asserted that his country will not permit the United States to use its airspace for monitoring Soviet compliance with the new Strategic Arms Limitation Treaty.

Clearly angered by the refusal of the House of Representatives to endorse a grant of \$50 million to Turkey, Gen. Kenan Evren, chief of staff of the armed forces, was quoted in Turkish newspapers yesterday as saying that "under the circumstances we cannot allow U-2 flights over Turkey."

The use of high-altitude reconnaissance planes along Turkey's border with the Soviet Union is viewed as one of the main verification means necessary to offset the loss of U.S. intelligence gathering installations in Iran.

The White House had no comment on the general statement, but administration officials expressed the hope that it was not the final Turkish position on the issue.

Only as Loan

Gen. Evren's statement, according to reports from Ankara, was made with the full support of Premier Bulent Ecevit. Whether it is the final position of Turkey or not, it is likely to be used by Senate opponents of SALT-2. House and Senate conferees were scheduled to meet late today to reconcile differences in a foreign-aid bill. The Senate has approved President Carter's proposal to give Turkey \$50 million. The House, however, dealt a painful defeat to the administration by insisting that the money should be provided as a loan, not a grant.

The House rejection reflected the continued strength of Greek-Americans and their supporters. They argue that Turkey continues to occupy a large part of Cyprus without any serious indication of willingness to settle the dispute, even though Congress lifted an arms embargo against Ankara last year.

The U.S. administration asked Mr. Ecevit last month to permit U-2 planes based in Cyprus to use Turkish airspace in the area of the Black Sea and along the Turkish

Soviet border for collecting data on Soviet strategic arms deployment and testing.

Mr. Ecevit is reported to have replied that he would permit U-2 flights over Turkey provided Moscow does not object. He urged administration to discuss the matter directly with the Soviet Union.

Gen. Evren's statement is the first official Turkish reaction to the House vote. It has added significance since Turkish military leaders, while wielding great political influence, are normally not given making public pronouncements of controversial issues.

Administration officials have argued that the grant of \$50 million was justified because Turkey, a member of NATO, is experiencing severe economic difficulties.

Emergency Plan

It is a part of an emergency assistance plan of \$150 million necessary to stave off the "economic collapse" of Turkey, the officials said.

The United States already has extended about \$400 million in loans to Turkey this year.

Gen. Evren's sharp reaction occurred after what U.S. officials described as his "very successful" visit to the United States during which he had met with Defense Secretary Harold Brown, national security adviser Zbigniew Brzezinski, Gen. David Jones, chairman of the Joint Chiefs of Staff, and other service chiefs.

Administration officials said yesterday that a compromise could be worked out that would induce Turkey to permit U-2 overflights as thus strengthen administration arguments in the coming Senate debate on SALT-2.

Opponents of the treaty have placed the question of adequate verification at the center of the debate, arguing that existing American techniques are inadequate. Without the listening posts in the United States maintained in the argument goes, the Soviet Union would be in the position to expand the capacity of their missile to carry warheads without being detected.

Malaysia Admits Forcing 13,000 Refugees to Sea

KUALA LUMPUR, Malaysia, June 25 (AP) — Malaysia forced 13,000 Vietnamese refugees in 60 boats into international waters last week, raising to 55,000 the number expelled since Jan. 1, the government announced today.

Kassim Ahmad, the parliamentary secretary to the Foreign Ministry, revealed the numbers while answering questions in parliament. He said that the expulsions were in line with the government's policy of refusing sanctuary to arrivals. Malaysia already has 76,000 Vietnamese in crowded camps.

Mr. Kassim did not say how many refugees managed to return to Malaysia despite the government crackdown.

Western refugee officials here said that 500 Vietnamese in two boats were towed back into international waters yesterday. Reporters who talked to some of the refugees before they left were told that the boats were attacked three times by Thai pirates during the five-day crossing from Vietnam.

Besides the economic drain of the refugee influx, Malaysian authorities fear that many will not be taken by other countries and will remain in Malaysia, upsetting the fragile balance between the nation's predominant Malay Muslim community and the ethnic Chinese and Indians who make up the other half of the population.

A Vietnamese official who arrived here today to discuss the problem with Malaysian authorities, said that Vietnam will not take back any refugees, even if they are cast adrift.

Meanwhile in Bangkok, Premier Kriangsak Chavanana said today that Thailand will temporarily bar the forced repatriation of Cambodian refugees pending the outcome of a proposed UN-sponsored conference on the problem.

Earlier this month, Thailand forced 45,000 Cambodians back across the border and said that planned to send back 30,000 still in Thai camps.

Most of the Cambodians are ethnic Chinese who sought to escape the Vietnamese invasion of Cambodia. Ethnic Chinese — once the mainstay of South Vietnam's business community — also make up the bulk of those fleeing Communist rule in Vietnam.

Gen. Kriangsak said that new rivals would not be allowed in Thailand but that refugees already in the country would remain temporarily on "humanitarian grounds."

Thailand has about 200,000 Cambodian, Vietnamese and Laotian refugees living in squalid camps, and bears by far the largest refugee burden of any Southeast Asian nation. An estimated 350,000 refugees are camped in Southeast Asian countries awaiting transfer to other nations including the United States, which has been taking about 7,000 a month.

Gen. Kriangsak, like other leaders in the region, claims the international community is dragging its feet and has not done enough to alleviate the refugee problem which drains the economies of the temporary host countries. In a recent speech he accused the international agencies of "too much talk and too little action."

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Israel Details Spying Case Against Jailed U.S. Woman

By Dial Torgerson

She returned to San Antonio to complete her schooling, was contacted there by the PLO and went to Cyprus to discuss another assignment to take pictures in Israel. A version of events printed in the Tel Aviv newspaper Ma'ariv tells her as saying:

"I arrived in Cyprus. I met with the operator. He suggested that I go out on an assignment in Israel. I

Two Parcels

His account says that she was once given two parcels in Nicosia to take to Rome, and that "these were parcels containing explosives, which made Terry a courier for the organization without her even knowing what she was carrying."

The percentage satisfied with Foreign Minister Moshe Dayan was down to 47, from 51 last June. Defense Minister Ezer Weizman scored 62 percent, down from 69 percent.



Terry Fleener

"There are many, many things to say about the case," Mrs. Langer said; "but she will not speak until she is out of prison, and I will advise her against speaking until she is out of the country . . ."

3 Los Angeles Times

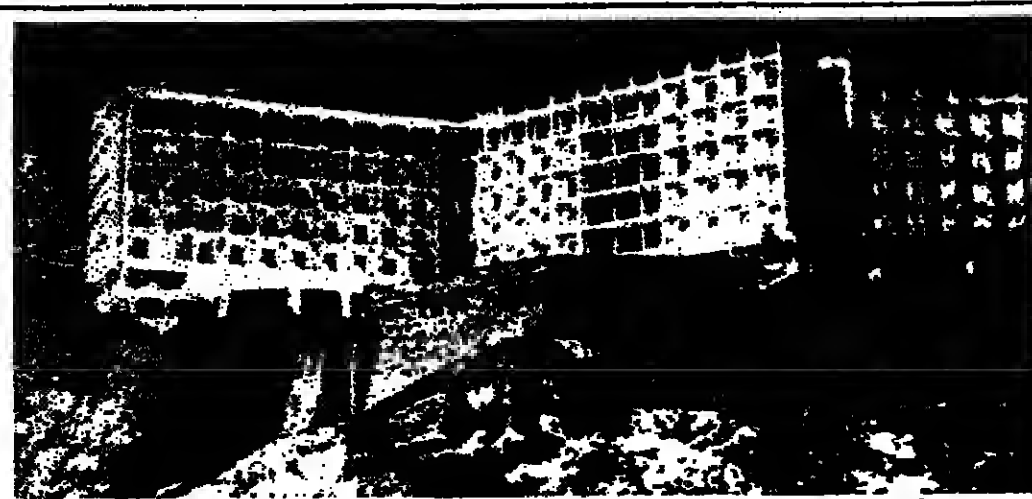
Egypt, Israel, U.S. Resume Talks on Palestinian Rule

By Paul Hofmann

Envoy to Rhodesia Announced by U.S.

A department spokesman, Hoddington Carter 3d, said that Mr. Davidow will be assigned to the U.S. Embassy in South Africa as a first secretary and will make periodic visits to Salisbury.

Mr. Dayan, who remains a member of Israel's five-man team in the autonomy talks, was absent today recovering from minor intestinal surgery yesterday. The four government members who represented Israel in today's talks — all regarded as hardliners on relations with Arabs — were Mr. Burg, Justice Minister Shmuel Tamir, Agriculture Minister Ariel Sharon, and Moshe Nissim, a minister without portfolio.



POINT OF VIEW — Authorities in Naples have ordered demolition of 600-room Fuorni Hotel, built a year ago for more than \$1 million, saying it mars panorama of the Amalfi coast.

Sudan Is Regarded as Stabilizing Force In Various Feuds Among Arab Nations

By Christopher S. Wren

Although Egypt and the Sudan have enjoyed traditional historical, geographical and cultural links

Egypt and Kenya are good. The Central-African Empire and Zaïre are too remote to make much difference. Ethiopia is still hostile toward the Sudan. Relations with Libya have improved. A civil war in Chad threatens further border instability. Ties are strained with the new government in Uganda, which feels that the Sudanese were too friendly toward Idi Amin, the deposed dictator.

But the Sudan's political prob-

Though the Sudan has seemed to totter on the brink of economic ruin before, and managed to pull back, some Western economic analysts believe that the country will need much foreign assistance this time to stave off unrest or collapse. "If it doesn't get better in the next crop year," an analyst said, "I don't think the government will survive."

Begin's Rating Drops in Poll

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Envoy to Rhodesia Announced by U.S.

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Turkey and the U-2

It cannot be assumed that the U.S. House of Representatives vote changing aid to Turkey from gift to loan was decisive in causing the Turkish chief of staff to assert that Ankara would not allow U.S. U-2 reconnaissance planes from flying over their country. Neither can it be said that Greek-Americans were primarily responsible for that vote. There is still room for negotiation between Washington and Ankara on the question, and in any case, Turkish Premier Ecevit wanted Soviet consent to flights of U-2s over Turkey before the vote came up in the House. And the stand of Turkey on Cyprus, including its continued military occupation of a larger part of the island than the Turks there inhabited is one that the United States has opposed for sounder reasons than the Greek influence on U.S. politicians.

Yet both the Turkish government and the House majority have made serious errors. Turkey is in need of financial assistance; badly in need of it. And a sound Turkey is extremely important to NATO and to U.S. strategic policy. With its fiscal woes, Turkey has been subject to drastic political strains.

But the approach of the Ecevit government to a kind of balance between the United States and the Soviet Union ignores a number of facts of history and of present conditions. The initial U.S. military help for Turkey came at a time when the Soviet Union

was claiming a share in the control of the strait, a modern version of the old Czarist effort to acquire Constantinople. This has been, for so long, a chief element in Soviet policies that it is very difficult to believe the Kremlin has abandoned it, or will ever do so.

Under such circumstances, and with Soviet-Moslem frictions extending from Iran through Pakistan and Afghanistan, Mr. Ecevit and the anti-U.S. groups in Turkey have been playing a dangerous game. Cyprus, and Turkey's long-standing feud with Greece, are hardly worth the risks involved in losing U.S. and NATO military support. Nor is the Ecevit stand likely to produce more aid from Congress. What it could do, with help from U.S. hardliners, is break down the SALT-2 treaty, and increase the dangers of a renewal of the worst of the cold war.

This would be bad for Turkey, for Western Europe, for the world. The soundest alternative would be for Turkey to accept some responsibilities for surveillance of Soviet missiles and missile sites, for the United States to give financial aid to Turkey, and for Ankara and Athens to work out a peaceable means of living side by side in this difficult modern situation. The prospects for maintaining a rational human society would be greatly improved thereby.

Where Will the Numbers End?

The refugees pouring out of Indochina have finally stimulated international action to slow down their expulsions, to alleviate their misery in transit and, most important, to find them new homes. But until the appropriate conferences are held — and several countries would be content to see them drag on indefinitely — something must be done for the drifting thousands.

The United States has accepted more of these exiles — 215,000 — than any other country, with the possible exception of China, which says it has taken 240,000. Among the major countries that could be expected to help, the record of admissions of Indochina refugees since 1975 looks like this:

France — 52,000
Australia — 20,800
Canada — 12,000
Hong Kong — 3,000
United Kingdom — 1,900
Switzerland — 1,500
Belgium — 1,240
Norway — 1,060
New Zealand — 1,000
Taiwan — 1,000
Japan is reported to have accepted three.
About 300,000 more refugees are at this

moment stuck in camps — and much worse places — in Thailand, Malaysia, Hong Kong, Indonesia and elsewhere. Every person admitted now to an industrial nation would save yet others elsewhere. For by raising their quotas, the advanced countries could encourage Thailand and Malaysia to slow down the brutal expulsion of refugees.

The United States has been asked by the United Nations High Commissioner for Refugees to double its quota of 7,000 admissions a month; it is said to be considering taking 10,000. Even so, the widely-mentioned "average" of 7,000 disguises slowdowns. Only 4,000 refugees were received in March and April and 5,000 in May, when Congress took its time providing the money.

France, pleading economic trouble, wants to lower its quota of 1,000 a month. West Germany may not hold to its 250. Japan's resistance is simply shocking. There will be time enough to pressure less wealthy nations into lending a hand. There will be time as well to condemn those who caused such misery and to examine the nature of their crime. But first, the United States and others must hurry to make room for more.

THE NEW YORK TIMES.

The Briber's Edge

Two years ago, in a fit of fine moral fury, Congress passed a law making it a crime for U.S. businessmen to bribe foreign officials. Now in something of a morning-after book-keeper's mood, administration officials are looking at that law and at various others that, though passed for other reasons, end up affecting trade, in order to see whether the political or environmental or moral benefits outweigh the economic costs.

A number of U.S. corporations now do claim, discreetly, that they are being penalized by the law against bribery. Their foreign competitors, they observe, do not operate under similar constraints and have a briber's edge. Perhaps so. There is a tendency to give such complaints greater credence in a period of serious unemployment and major trade imbalance. It has yet to be adequately demonstrated, however, that the bribery law, rather than uncompetitiveness stemming from other factors, is the villain. And if it is established that business is suffering, it needs to be asked if that is reason enough to change the law.

The law was not enacted, after all, just to satisfy a superior moral instinct, although

that element, underlined by Jimmy Carter, was there. It was enacted for pragmatic political considerations as well. A series of bribery disclosures in Japan, the Netherlands, Italy and elsewhere had made it evident that there is a good chance of bribes being revealed and when they are the political fallout can be extremely damaging.

A country without a major foreign-policy interest in a place where bribes were being sprinkled around might not have to worry about this sort of thing, but the United States has important foreign-policy interests almost everywhere. If in business bribery is the local wine, once disclosed it becomes a political matter and then it is all vinegar.

In brief, it is a question needing review. What ought to guide the discussion is an awareness that for each decision a price has to be paid. Americans may well decide they wish to project their commercial code or moral standards or environmental laws or antitrust practices beyond the 12-mile limit. They should do so realizing that virtue is not its own reward.

THE WASHINGTON POST.

In the International Edition

Seventy-Five Years Ago

June 26, 1904

NEW YORK — The consensus of opinion is that corsets for stage stars are all right in their place, but that their place is around feminine and not masculine waists. A few years ago several actors in the United States were addicted to the habit, but time and personal remarks from the gallery have cured them. According to Miss Lillian Russell: "The proper way to wear a corset is first to get into the corset, but I refuse to reveal, even for the benefit of my actor friends, whether you should get into them head first or feet first. That's a woman's secret."

Fifty Years Ago

June 26, 1929

NEW YORK — Frank Marlow, one of the best known men in this city's criminal circles, was "taken for a ride" last night and died without gaining consciousness. Being "taken for a ride" usually means a quick end — but Frankie Marlow was hard. He was still breathing when policemen found him in a clump of bushes shortly after daybreak — with three bullet wounds in his head — and by their discovery they opened an unwanted window on the Rothstein murder mystery. Rothstein, murdered earlier this year in an apparent gambling feud, had been a friend of Marlow, whose testimony in the case has now been avoided.



The Riddle of the Saudis

By Anthony Lewis

RIYADH, Saudi Arabia — Saudi policy over recent months has puzzled many Americans. Why, we wonder, should a conservative Arab monarchy make common cause with radical regimes in Iraq and elsewhere? Why have the Saudis, after first taking a reserved position on Camp David, joined the Palestine Liberation Organization and others in bitter criticism and economic boycott of President Sadat?

Up close, those actions do not look so puzzling. A brief visitor ought to be wary of large conclusions. But a talk with this country's leading political figure, Crown Prince Fahd, and conversations with diplomats suggest that Saudi Arabia's policy has a reasonably clear and consistent basis in self-interest.

From the Saudi viewpoint the fundamental destabilizing factor in the Middle East is the unresolved problem of the Palestinians. It directly threatens stability in Lebanon, Jordan, Syria. And there are hundreds of thousands of Palestinians here and in the Gulf states whose level of political discontent matters.

Skeptical

The Saudis were skeptical but quiet after Camp David. Crown Prince Fahd said, because they still hoped it could lead to broader implementation of UN Resolution 242. Specifically, he said they hoped the United States would push in the direction of getting Israel to withdraw to its 1967 boundaries and recognize the legitimate rights of the Palestinian people.

Events have shattered those hopes, in the Saudi view. Fahd cited the position taken lately by Prime Minister Begin of Israel: that the "full autonomy" agreed to at Camp David for the West Bank and Gaza is for its Arab inhabitants, not for the territory, and allows Israel to continue its military occupation.

As the United States looks at the last months, the Palestinians themselves have contributed to the erosion of hopes for broader results from Camp David. By refusing to join in talks about autonomy, they have lost an opportunity to make their case to the world in a sympathetic setting. Palestinian terrorist operations have hardened opinion in Israel and among its U.S. supporters just at a time when peace with Egypt might have encouraged more accommodating views.

In any event, the possibility of any early progress toward a Palestinian settlement does look extremely dim now. Seeing that reality, the Saudis reason that Camp David has made their part of the world not more but less stable. They think it strengthened the hand of the Soviet-supported regimes in Iraq and Syria and moved the region to the left generally.

In those circumstances, it is not surprising that the Saudis have improved their relations with the radical Arab regimes — Iraq in particular. Iraq these days is a rich country with substantial military resources. It has moved out of relative isolation.

in recent months, becoming more influential in Arab politics. Saudi Arabia has no desire to confront such a neighbor, especially not after the disappearance of the Shah's Iran as a counterbalance to Iraq.

Saudi Arabia's security policy has always had two strands in it. One is safety in Arab consensus, the other reliance on U.S. support. In the wake of Camp David it has seemed more urgent to help reshape, and be part of, a new Arab consensus.

The Saudis are not abandoning the other strand; they still want U.S. friendship and U.S. weapons. Fahd made that emphatically clear. Differences over Camp David, he said, "should not affect the relations between the two governments." He spoke warmly of President Carter, but he still planned to make the Washington visit he dropped last March, and dismissed rumors that Saudi Arabia would not go ahead with its purchase of 60 F-15s.

The importance of the U.S. relationship is not limited to arms. Americans are prominent among the prominent experts advising this country in its extraordinary oil-financed boom. Many of the leading younger Saudis were educated in the United States, and 11,000 Saudis are at U.S. universities now.

But some think the United States does not realize how much the relationship involves mutual reliance. One diplomat put it: "The Saudis

are afraid the United States relies on them too much to be a stabilizing influence out here, in both oil and Arab politics, and does not give enough back in political terms. They see it as a partnership — not as equals, they know that's not so, but of people who do need each other."

No Help

That was the essential theme of a comment by the finance minister, Muhammad Abu al-Khayl, quoted recently in *The Wall Street Journal*. "You're asking too much," he said. "You're asking us to produce more oil, to keep the price down and to accept your inflation. Yet you didn't help us with our political problem in the region."

Some Americans think the Saudis are not really so unhappy about Camp David, but that seems to me wishful thinking. Fahd could hardly have been colder in his criticism of Sadat. Asked whether he was worried that the economic boycott might lead to Sadat's overthrow and a radical regime in Egypt, he replied: "We don't know who may succeed Sadat, but a more radical government would not be worse in terms of the situation his policy has placed us in."

The Saudis are known for making rather vague statements that the listener can take as he wants to bear. When they speak as critically and clearly as their leaders have spoken lately, it matters.

©1979, The New York Times.

Letters

Oil Blackmail

The truly terrifying interview of Moamer Qadhafi with *Anna* de Borchgrave (IHT, June 11) is a confirmation of what the doomday sayers have been saying for some time. That is, that the Western civilized democracies are being blackmailed by little tin-horn countries led by characters such as Col. Qadhafi or . . . Ayatollah Khomeini, or even despots such as the Saudi ruling class or the military clique of Nigeria. If we are not to abdicate totally our independence to a point where we will be coerced and blackmailed over the most insignificant item or statement, the Western nations must stand fast now and make it clear that oil supplies cannot and will not be tied to national policies.

Unless we do that now, we will be fast approaching the point where foreign policy for the whole Western world is made in Libya, Saudi Arabia, Nigeria or even Iraq. It is only five years to 1984, and I fear it.

London.

MICHAEL DICK.

Guilt on Vietnam

It is a rare occasion indeed that I should agree with Anthony Lewis on anything concerning Vietnam. But who can argue with his stern admonition to all nations to do more for the refugees from Indochina (IHT, June 13)?

However, I marvel at the facility with which he seems to gloss over the terrifying thought that he himself might have contributed to the appalling situation, on which he now lectures the world.

Having covered the Vietnam war over a period of five years for West German publications, I am now haunted by the role we journalists have played over there.

Those of us who had wanted to

find out knew of the evil nature of the Hanoi regime. We knew that, in 1956, close to 50,000 peasants were executed in North Vietnam. We knew that after the division of the country nearly 1 million North Vietnamese had fled to the South.

Many of us have seen the tortured and carved-up bodies of men, women and children executed by the Viet Cong in the early phases of the war. And many of us saw, in 1968, the mass graves of Hue, saw the corpses of thousands of civilians still festively dressed for Tet, the Vietnamese New Year.

Why, for heaven's sake, did we not report about these expressions of deliberate North Vietnamese strategy at least as extensively as of the My Lai massacre and other such isolated incidents that were definitely not part of the U.S. policy in Vietnam?

What prompted us to make our readers believe that the Communists, once in power in all of Vietnam, would behave benignly? What made us, first and foremost Anthony Lewis, belittle warnings by U.S. officials that a Communist victory would result in a massacre?

Why did we ignore the fact that the man responsible for the executions of 50,000 peasants, Truong Chinh, was — and still is — one of the most powerful figures in Hanoi? What made us think that he and his comrades would have mercy for the vanquished South Vietnamese? What compelled, for example, Anthony Lewis shortly after the fall of Saigon to pat himself on the shoulder and write, "so much for the talk of a massacre?"

True, no Cambodian-style massacre took place in Vietnam. It's just that Hanoi coolly drives its ethnic Chinese and opponents into the sea, that's what Nasser threatened to do to the Israelis, no massacre intended, of course.

Are we journalists not in part responsible for the death of the tens of thousands who drowned? And

John Dornberg From Munich:

The proposal to drive at only 100 kilometers an hour on highways where vast numbers roar along at almost twice that speed is shaping up as a political Armageddon.

MUNICH — The West German government, it was widely rumored last week, is considering a speed limit for its autobahn highways.

Now, anywhere else that kind of news would barely merit reporting, but in a land where it is considered a God-given inalienable right to drive as fast as you desire, or your car will go, it touched off reverberations of almost frenetic proportions.

Obviously intended as a trial balloon — and a plausible concession to the other participants at this week's Tokyo economic summit who contend that West Germany isn't doing enough, or anything for that matter, to conserve energy — it popped over the land with a deafening bang of front-page banner headlines and network television commentaries.

Suicide

To understand the outcry it may help to remember that *der deutsche und sein auto* are sacrosanct and that unlimited autobahn speed, regardless of the resulting carnage or gasoline consumption, is a principle that ranks on an emotional and political plane with motherhood and free enterprise.

For a politician to challenge it is tantamount to suicide, and those of you who have been around for a while may recall that this precisely is what happened to one luckless minister of transport — Lauritz Lauritzen — five years ago.

Lauritzen was motivated largely by humanitarian considerations when, in the spring of 1974, he attempted to impose a top speed of 130 kilometers an hour on the autobahn. His proposal was based on the dramatic reduction of highway accidents and fatalities that had resulted from the Sunday driving ban and 100-kilometer speed limit imposed by what is now called "the first energy crisis."

Lauritzen's speed bill was opposed by the powerful automobile lobby and the opposition Christian Democratic party (CDU/CSU) with the stirring slogan: "Free Driving for Free Citizens." When it reached the Bundestag, the upper house of parliament, where the CDU/CSU has a solid majority, the measure was flatly defeated.

That not only cost Lauritzen his cabinet seat and ended his political career, but led to a curious compromise: an hour which, despite a growing number of posted exhortations along the roadways, is being observed by a diminishing number of motorists.

Wrath of Neighbors

This time around it is not so much concern for human lives and safety as the recognition that the West Germans, as the only folks in Europe with no superhighway speed limits, are not only arousing the wrath of their neighbors but

may, indeed, be hot-rodding it way to a future with no gas or oil. Just what is in store for a nation's more than 22-million at their Nicki Laudas was largely matter of speculation last week.

First of all, Chancellor Helmut Schmidt's and Foreign Minister Hans-Dietrich Genscher's left-of-center coalition government, and Free Democrats (SPD + FDP) is sharply divided on the subject of a speed limit, with the SPD generally in favor, the FDP, on whole, opposed.

The division, moreover, extends to Schmidt's Cabinet where Finance Minister Hans Matthöfer and Science Minister Volker Haake both SPD, advocate a speed limit whereas Economics Minister O. Lambdowski, a Free Democrat, and Karl Gscheide, Lauritzen's successor as Transport Minister, a Social Democrat, object.

Beyond that, the question set to be: What kind of limit? He favors 100 kilometers, contend that that would result in a five percent annual cut in gas consumption, while the effects of a 130-kilometer restriction would be a negligible one-tenth of 1 percent.

But the proposal to drive at 100 kilometers an hour on highways where vast numbers roar along at almost twice that speed shaping up as a political Armageddon hereabouts.

Though it is all talk and speculation up to now, to a man West German's automobile club manufacturers of high-power cars, and the opposition Christian Democrats howled their protest, and objections last week.

"Any kind of speed limit," spokesmen for one major automobile charged, "would pinch the nerve of the country's economy. Besides causing traffic snarls a more: accidents, warned CDU/CSU spokesmen, a speed limit would 'seriously curb freedom of the individual.'"

While such arguments are expected from the makers of "fast driving machines," one may also ask what is to be done where there is no juice left to haul the machines out of the garage.

Both camps, at any rate, hauling out and inundating public with contradictory statistics to support their arguments.

But beyond that, the discussion just as five years ago, is shaping into a confrontation between liberals and rightists, liberals and conservatives.

The extrapolated contention seems to be that those of "left orientation," to use a term curiously fashionable here, all favor speed limit — in keeping with a general proclivity for "big government" intruding on the rights of the little individual.

Conservatives, putting him freedom first, advocate what might call a laissez-faire approach to highway traffic.

Take it a step farther, and have the classical old conflict: between baves and have-nots.

Dilemma

Rephrased in partisan political terms, for example, this could be that the SPD favors the speed limit because it claims to represent downtrodden and disadvantaged society who drive the less expensive, less powerful and ergo slo cars. The CDU/CSU, on the other hand, would then speak for a constituency of the more affluent who can afford the highly horsepower jobs that are barely out of low by the time they are already winging at 130.

For Chancellor Schmidt, at rate, the dilemma is this: International pressure on him is mounting to do something about Germany's energy-wasteful speed habits. Until he does, his mandates for a concerted international energy policy lack credibility, but the prospects of getting a speed limit bill past the Bundestag, even mention the Bundestag, minimal.

That driving styles expressive and ethnic characteristic by now virtually axiomatic, that attitudes toward speed of become articles of political faith rather new — except in West Germany, where the measure of the horsepower under his hood.

©1979, International Herald Tribune.

There's More to a Goodbye Than Just Leaving

If this seems like semantic nit-picking, isman insists that the way a person says odbye can tell a lot about how he feels. "If you end a conversation with 'I want to alone now' or 'I'll let you go now,' that's

Wiseman asked 40 students to rate about 20 ways of saying goodbye. The forms ranged from "hang in there" to "take it easy" to "thanks for stopping by." Those were given a high positive rating in contrast to "I've got to go now" and "goodbye."

It was time to go. The conversation was over. "Thank you very much," Wiseman said, smiling.

This is the Whiffenpoofs' last bash, as they have sung all year at Yale and other universities, in Yankee Stadium, at "21" in New York, at the wedding of Russell Baker's daughter, for Secretary of State Cyrus Vance at a private party and at a host of other places.

The Whiffenpoof emblem.

The words are a parody of Rudyard Kipling's poem "Gentlemen Rankers," which describes an old barracks room at a forsaken outpost of the British Empire. The Whiffenpoofs's version about "gentlemen songsters off on a spree" changes morose, enlisted men who are drinking themselves into a stupor of forgetfulness into playful bachelors.

This year's group met two weeks before Yale's fall semester on Cape Cod (sun, sand and girls are also part of the Whiffenpoof tradition). Decide the repertoire and get the harmony going. Five of the group have taken the year off just to be Whiffs and one wonders how the other nine made it through books, daily practice and graduation. Yale does not give the men any breaks. A Whiff said, "Either you know how to crack the books and sing at the same time or you don't become a Whiff."

Although times have changed since the Whiffenpoofs were founded (there have been black Whiffs and some years a guitar is added), the 1979 Whiffenpoofs say that there never will be Whiffenpoofesses. Since Yale became coeducational, no one has mentioned the possibility of having women in the group. The Whiffenpoofs' strength is in their four-part male harmony, and their appeal in being charming gentlemen songsters off on a spree.

The remainder of their itinerary includes Brussels, June 27/28; London, June 29/July 4; Spoleto Festival, Spoleto, Italy, July 9; Monaco, July 10-15; Venice, July 16-17; Vienna, July 18-20; Munich, July 21-24; Amsterdam, July 25-31, and Berlin, Aug. 1-3.

Paris Goes to the Dogs, at Least for Weekend

A dog show was under the patronage of President Valery Giscard d'Estaing whose love for dogs, especially the Labrador, is well-known. An observer, however, "The president has a business getting his picture in newspapers, as well as on television. He is surrounded by his dogs. Only his Labradors (called Beau and Samba). For he has started a breed which is now reaching ordinary people, most of whom have never seen anywhere near a hunt. And

Satirical Weekly

The president likes his Labradors so much that they are allowed to run in and out of the Elysee Palace gardens. The satirical weekly *Le Canard Enchaîné* noted the president's affection for his dogs and often runs a front-page column, "L'Elysee-Chenil," that comments on the president's private and public life by putting words into his dogs' mouths.

"He added, 'The dog also has to be fairly hefty, with a powerful chest and a broad waist, because it works hard. It must also walk on its toes like a cat, and not stump around heavily.' Then, there are bonuses such as pigmentation and eye coloration. Pointing to a yellow bitch, de Ganay said, 'She looks like she's been made up.'

"A good exhibition dog must act very seriously and not jump around like a puppy," he said, indicating a Labrador that was so frisky it kept jumping around every time the judge tried to examine it.

Cascabel Bright Comet
Tops in Labradors

Lozart: Stripping Away Accumulated Sounds

slaw is one of the team assembled by Decca, which hopes to release a set of 21 recordings by 1981 on its "Florilegium"

In Mozart's time there were no conductors. The orchestra followed the keyboard player, generally the harpsichord, or the concertmaster — the first violin — who stood while playing. This technique has been followed with Christopher Hogwood, founder of the academy, at the keyboard and Jaap Schroeder, a leading Dutch expert on baroque music, on his Stradivarius.

Although there are yellow and black labradors, the color makes no difference, "but people tend to think the black ones have more pep," de Ganay said. What about the president's Labradors, which are black? "I wouldn't dare pass judgement," he said, "since I have never seen them at close range. But I assume they're all right, especially the one given by the queen of England," which is a Sandringham Labrador.

De Ganay, who is a somewhat unusual animal lover (he is one of the world's specialists in falconry) is treasurer of the French Retrievers Club, a once small group of rich young men that has grown to 1,500 members.

fun.
"The Whiffenpoof Song," which

2 Mozart's day—a symphony supposed to be witty, charming, brilliant and perhaps even tinged with sadness," Zaslav said. "It was really not thought of as profound, deeply moving or extremely significant. Approaching Mozart's symphonies with this attitude in mind relieves them of that romanticism under which they have so often been crushed. All of the orchestral instruments have been radically altered since Mozart's day. The strings, winds, brass and timpani

This, he said, was of vital importance to the integrity of the scheme because Mozart's symphonies were not written for publication or general distribution but were tailor-made for the strengths and weaknesses of specific ensembles as well as the tastes of local audiences. He said that the Decca team had not only found the instrumentation for the first performance of the "Paris" Symphony but the positioning and even the name of every musician.

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12 Month Stock										12 Month Stock									
High Low Div. In \$ Yld. P/E 100s.					Sts. High Low Quot. Close					High Low Div. In \$ Yld. P/E 100s.					Sts. High Low Quot. Close				

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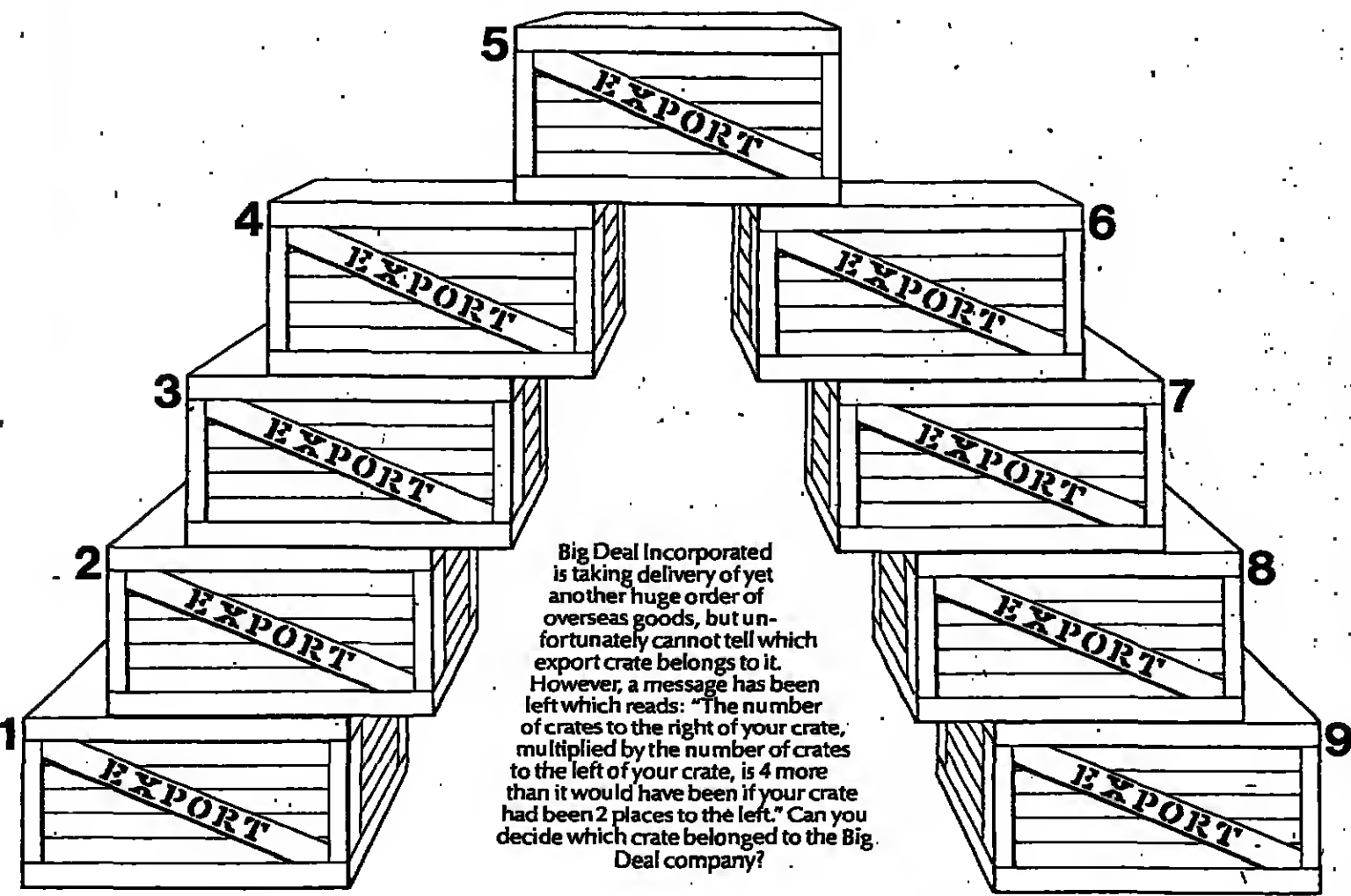
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(Continued on Page 14)

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10 11/16	5 11/16 - 5 13/16	9 1/16 - 11/16	14 - 14 1/2
10	5% - 5	1 1/15 - 13/16	13% - 14%
9 1/2	6 1/16 - 6 3/16	1 7/16 - 9/16	13% - 13 1/2
8 7/16	6% - 6 1/2	2 - 2 1/2	12% - 13%

Selected Over-the-Counter

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European Market

(Yesterdays closing prices)

in local currencies)													
Amsterdam	<table border="1"> <tr> <td>AKZO</td> <td>28.50</td> </tr> <tr> <td>Albert Heijn</td> <td>91.88</td> </tr> <tr> <td>Algem. bank</td> <td>342.50</td> </tr> </table>	AKZO	28.50	Albert Heijn	91.88	Algem. bank	342.50						
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Gl. Un. St.													
Guinness													
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Hudson Bay													
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Heineken	85.00
H.V.A.	56.50
Hoogovens	21.00

K.L.M.	104.50	Rank Org.	
Nor. Nadder.	102.90	Royal Dutch	
Pakhoed	53.00	R.T.Z.	
Philips	24.30	Shell	
Rabeco	162.00	Thorn (A)	
Railinc	132.50	Tube Invest.	
Rorento	111.20	Union Carb.	
Royal Dutch	143.80	Vickers	
Unilever	124.00	Wor L3V	
Van Ommen	182.00	West Deas	
VANF-Stark	41.40	West Ortel	
		West Hold	
		West Min	
		Woolworth	

Arbed	2455
GBL (B.Jamb)	1775
Cokerill	502

Carbonyl	4,890	Bastohl	
Electrobel	4,890	ERBA	
GB-Inno-BM	2,585	ErCMorelli	
Hoboken	2,930	Fior	
Petrolina	4,890	Finlander	
Ph. Geyseart	1,214	Genoil	
Soc. Generale	2,825	Genoil	
Solvay	2,400	IFI	
Un. Miniere	878	Holpas	
		Holander	
		Loftness	
		Martens	
		Murphy	
		Oliver	
		Orinell	

Boyer	128.00
Commerzbank	193.00
Conf. Gummi	54.50
Dabur	217.00

Daimler	267,00	Paris
Deag	156,00	Air Liquide
Deutsche Bank	270,00	Auflaute
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Siemens	249.90
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Veba	153.80	Most Mann	
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		Portbas	
		PLK	
London		Penorroya	
Anglo-Am Ca	3.73	Perrier	
Anglo-Am	8.43	Peugeot	
Barclays Bsk	4.41	Rh Paulenc	
Beecham Gp	5.38	Société	
BICC	1.24	Si Gobain	
Bovis	1.91	Suez	
Bovetier	1.70	Telemecan	
BAT Ind.	2.68	Thomson	
BOR Ind	0.2216	Usinor	

Brit. Pet.	12.64
Burmah	1.36
Codbury Sc.	0.59

Chartered	1.37	Alusuisse
Courtauld	0.92	Bushria
De Beer D	3.91	B Bavari
Decca Rec	3.10	Cib Celso
Distillers	2.13	Cr Suisse
Dunlop	6.68	Fisher
E Mus Ind	0.97	Hot Roch N
GEC	3.53	Nesite
Free St Ged	27.74	Sandoz
GKN	2.42	Sie H Suisse
Gleco Sp	4.45	Sulzer
Gold Fields	2.23	U.B. Suisse

European Gold Market

	A.M.	P.M.
London	284.50	283.85
Zurich	284.625	283.625
Paris (12.5 kilo)	299.37	298.61

*Official morning and afternoon fixing
 London and Paris, opening and closing
 as for Zurich.
 U.S. dollars per ounce.

Gold Options (prices in \$/ounce)

Room	Aug.	Nov.	Costs for Feb. 1980 start in July 80
785	11.50-12.50	— — —	
290	9.00-10.00	— — —	
295	7.00-8.00	— — —	
300	— — —	13.00-14.00	
305	— — —	10.25-11.25	
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FOCUS on OMAN-1979

Humming With Optimism After New Oil Finds

Economy

A Good Name Restored in International Banking

MUSCAT (IHT) — Oman's economy is largely dependent on oil revenue and expatriate labor. Oil income accounts for more than 90 percent of government revenues, other than external aid and virtually all exports of origin. Expatriate workers, mainly from the Indian subcontinent, make up more than two-thirds of the nonagricultural labor force and one-third of the civilian government workforce.

Oman is today a good name in international banking circles despite the weaknesses inherent in an economy dependent on a resource and manned by labor from another continent. A million expatriate workers, the sultanate, at 1/2 percent of the London interbank rate (Libor) was increased to 1/4 percent because of the market rise. The lead managers of the Dhabbi Investment Company, Bahrain-based Gulf International Bank and the Paris-based Al group have now been joined by management team comprising graphic spread of banks ranging from Toronto Dominion Bank to Sumitomo Bank of Japan and including major international houses such as Manufacturers Trust of New York, Credit Lyonnais of France, as well as Arab Banks such as the Bank Investment Company, set up by the Arab Bank of Oman after buying out the Lom-based Arab and Morgan Grenville companies.

Planning

Planning — as an exercise separate from the executive functions of the state — started only in 1974. Indeed, the economy only began to develop after accession of Sultan Qaboos in 1970. In the early years following accession, many projects were deferred after negotiation rather than open bidding. Some of the reluctance that has been obvious elsewhere, stems from the sultan's desire to avoid past mistakes.

Copper

Need to mobilize extra resources has led the government to consider a number of projects, income-generating projects the most ambitious of which is copper mining and smelter near Ras al-Jazir, north of the capital. Government official said: "We only don't envisage becoming a user in the Zambia or Chile area, but we do intend to go to the copper project, even as a loss leader, to get the nuclear industry established here."

Prospection Oman, the local subsidiary of Prospection of Toronto. The project has reached the stage where consultants are being selected. The shortlist for the smelter has attracted international firms of high repute including Scandinavian International of Sweden, Metallgesellschaft of West Germany and Rio Tinto Zinc and Selstrut Engineering of Britain. Separate consultancy packages are being awarded for the power generation, which has attracted interest from leading British consulting engineers such as Egbank and Partners and Preece Cardew and Rider, and the housing, which has already been awarded to Canisult of Canada.

The cost and returns of the projects are a subject of debate, but government sources see it in wider terms than the price of metal. A government official said: "The philosophy beyond the profitability of the project is to open an industry for the people in the area — bringing in roads and ports."

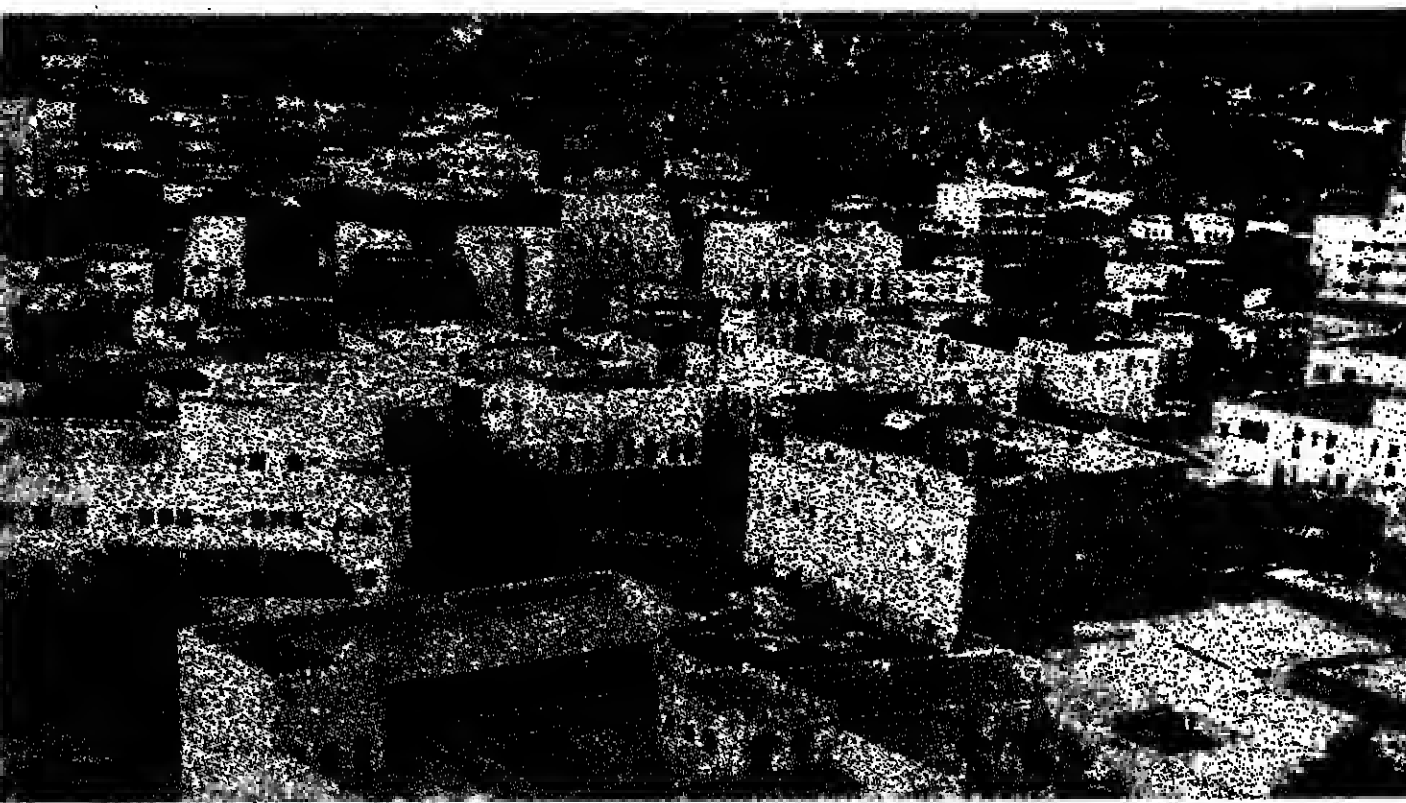
This will certainly be the case if the project follows the planners' intentions. The original idea was to mine the ore, reduce it to 26-28 percent concentrate and export it. Now the intention is to refine the ore to 98 percent. The completed facilities will need a work force of around 400, probably expatriates.

Banana Maturing

Despite the size of the sultanate, it has had little success so far in getting industry started. The government is now looking at the prospect of starting a banana maturing factory, but its plans for an industrial zone at Rusail outside the capital have been slow to get off the ground.

Rusail has one factory, Amiantit Oman, which began making asbestos pipes in June, 1977, and has had success in exporting to other Gulf states, including the United Arab Emirates and Saudi Arabia. The government is expected to locate a cement industry at Rusail, for which Basse Saubere of Belgium is acting as consultant. At present all cement is imported. But as Ali Sulthan, managing director of Oman's oldest trading house, W.J. Towell, pointed out to visiting Belgian trade officials last year, the

(Continued on Page 10S)



A view of the capital city of Muscat.

Negotiating New Defense Alliances

By Mary Jo McConahay

MUSCAT (IHT) — Feeling vulnerable in a tough neighborhood, Oman is looking for a protective big brother. On its north is the strategic Strait of Hormuz, that narrow neck of water through which a steady stream of tankers travel from the ports of the Gulf to an oil-hungry world. To the west loom oil-rich Saudi Arabia and the United Arab Emirates, with whom Oman has had border disputes in the recent past. In the southwest, the country is bordered by the Marxist People's Democratic Republic of Yemen (Southern Yemen), which provided military, logistic and political support to rebels who fought in the 1960s and '70s for the independence of Oman's southern Dhofar province from Muscat.

Omanis make no secret about whom they want as their champion. "We are optimistic with recent meetings with Americans," the minister of state for foreign affairs Qais Abdul Munim al-Zawawi said in an interview. "No commitments have been made, however the Americans are showing greater interest now in protecting their own economic interests in the region."

Shopping List

Mr. Zawawi, also one of the country's major business figures, who retained his position in the wake of the sultan's recent shake-up of the cabinet, said that Oman wants to see a larger U.S. naval presence in the area "just to balance the Soviet fleet." (The United States now has three ships that sail to the Gulf on periodic "courtesy" visits and suddenly appeared to show the flag during last winter's critical events in nearby Iran.) Oman has said it was willing to grant the U.S. Navy port facilities. Anti-aircraft guns for defense against low-flying planes and anti-tank equipment are also on the shopping list. Mr. Zawawi said the possibility

of joint military maneuvers has been discussed, but officials of both countries say these are not likely to take place soon.

For the first time, a U.S. military attaché will be assigned to the American embassy in Muscat this summer.

While Sultan Qaboos wants U.S. hardware and back-up, he is not anxious for an American presence in his country and must keep his overtures to Washington discreet. Too close or obvious cooperation with the Yankees today could make the Sultan a target of terrorist attack or nascent internal dissent.

Diplomatic Bank

"We want assistance in arms, not armed men," said Mr. Zawawi. "We want to be assured that, in the event of a threat to us from Cubans or Ethiopians (present in South Yemen) for instance, the Americans would talk to the Russians, and in the event of invasion, intervene."

For the present, Oman wants the British to continue training and leading its 12,000-man army, its navy and air force — British officers still command all three services. Apparently, the substantial British presence in Oman, despite its legacy of colonialism and cooperation with the regime of Qaboos' beheaded, paranoid father, Sultan Said bin Taimur, is not considered as undesirable as the possibility of American "advisors" might be.

So badly do the Omanis want American commitment that they are the only country on the peninsula (and the only Arab country outside Sudan and Somalia) to support the U.S.-orchestrated peace treaty between Egypt and Israel. The action has alienated the sultanate from other Arab countries and will continue to strain its relations on many regional fronts. (Authorities in Fez reportedly told Mr. Zawawi they could not guarantee his safety there during the recent Islamic Conference.)

Nevertheless, Mr. Zawawi has suggested that, as a result of backing the

(Continued on Page 11S)

Security of the Supply Becomes Vital Concern

By John Whelan

MUSCAT (IHT) — The strategic importance of Oman to the Western World has been increased because of dramatic new reassessments of its oil production prospects. Only two years ago, it looked as if Oman was going to experience declining output in the early 1980s. At that time, recoverable reserves were officially estimated at only 13 years' production, or about 1.4 billion barrels.

The Petroleum Development Oman (PDO) cantonment at Mina al-Fahl, a hot, dusty and expensive taxi ride from the business district of Ruwi in the capital area, is today humming with optimism about the 1978 "year of success" in the southern Dhofar province. The discovery of a number of small oil fields has more than justified the country's sole producing oil company's decision to invest in more exploration.

The company, which is 60 percent owned by the government with the balance held by Shell (34 percent), Compagnie Francaise des Petroles, CFP-Total, (4 percent) and the Gulbenkian interest Parter (2 percent), is managed by a Dutchman, Bob Jetties, whose experience has contributed to the excellent working relationship between PDO and the Ministry of Petroleum and Mineral Resources, headed by a Dhofari, Said Ahmad al-Shanfari.

Mr. Jetties said in an interview: "In 1977, our estimates for forward oil production were predicting a sharp deterioration, which would break down through the 200,000 barrels a day level in 1982. Now we are predicting a build-up back to 350,000 bpd. We expect to be back at 350,000 bpd in 1981, and we are, for planning purposes, hoping to be able to find enough oil to support that level until, at least, 1983-84. That is provided we continue to have success with our drilling. After all, we can't believe that in just one year we have found all the oil there is to find in Dhofar."

Hopes of Finds

That, in sum, is the good news, although it also means that the security of the oil supply is of vital concern. Oman produces at present only 0.5 percent of world oil, although the output represents more than 60 percent of the country's gross domestic product, with manufacturing accounting for less than 1 percent.

PDO has the country's only pro-

ducing oil fields, and recent hopes of new finds by other companies have proved a disappointment. Elf Aquitaine Oman, the most active of the six other concessionaires, had hopes of bringing on a small field in the southwest near the Saudi border in an area abandoned by PDO, but it is now clear that this field is a small accumulation. The prospects of bringing on the field, which had indicated very light (45 degree API crude) oil, now look slight.

Biggest Customer

In view of the importance of PDO to the economy, both as the operator for the country's only real source of income and as an employer of contractors, the oil-field program is crucial to the economy. In 1978, the International Monetary Fund calculates that oil income declined by 9 percent in real terms, reflecting lower oil shipment. Oil exports declined to 521.8 million Omani riyals (\$1,512 billion) from 545.9 million Omani riyals (\$1,582 billion) in 1977. This gave Oman an oil income slightly higher than Dubai in the United Arab Emirates but way down the Gulf league of exporters. New pricing in mid-1979 has raised the price of Omani crude from \$13 a barrel in December, 1978, to \$18.30 a barrel by June, 1979. Oman, while outside the pricing cartel of OPEC and even of the Organization of Arab Petroleum Exporting Countries, maintains a review of its pricing whenever new prices are charged by producers in the region. Japan is by far the biggest customer for Omani crude, taking more than 50 percent of production.

The 1979 price rises, which have changed round the economies in other Gulf states, have come at just the right moment for Oman. In mid-1980, provided contractors stick to the PDO schedule, the Dhofar fields are expected to come on stream, at 70,000 bpd, compared to the 30,000 bpd originally forecast and on which the original investment decision was made. A 450-kilometer pipe is being constructed down the spine of the country to link the new fields to the existing pipeline network that connects the northern fields to the export terminal at Mina al-Fahl.

The pipeline, which is being built in some pretty rough country, was designed by Kellogg Continental of the Netherlands, part of the multinational Pullman Kellogg Group. The construction contract, in a surprise award, went to Dodsall of India, which had worked as a subcontractor for Snam Progetti of Italy on a 320-kilometer gas pipeline completed in 1978. The award surprised many who smile at PDO as the Italians had been considered likely to win the job. But PDO holds firmly to the view that, under proper supervision, a Third World contractor can be considered for a complex engineering job. Indeed, many of the signatories to contracts established in Muscat in joint venture with local companies are hoping to participate on other aspects of the \$400-million oil field program.

In a contract recently awarded, PDO has given the communications for the pipeline to Cable and Wireless of the U.K. under an \$8-million pound accord, which will be the first pipeline communications network run almost entirely on solar energy. It will have 22 lines of eight microwave towers, in effect miniature relay stations, powered by batteries that are recharged by solar energy. If the sun fails to shine, the batteries will function for up to 10 days. A U.S. company, Solarix, is manufacturing the solar equipment in a \$200,000 order.

Treacle

The local companies, which regard PDO as an extremely fair client, have been busily prequalifying for the PDO work. As one contractor recalled: "The tender received for prequalification was very good, but we are very glad to be shortlisted. The injection of cash into the economy represented by the oil field development just could not have come at a better time."

In deciding on the pipeline option, PDO rejected a number of ideas, including the building of a shorter pipeline south to Mina Rayssut, the port of the Dhofar province. PDO also ruled out a plan to build a pipeline to Kuria Muria Bay, north of the Dhofar capital of Salalah, which would have involved ronting a pipeline down a sheer cliff. Pumping north

(Continued on Page 11S)

A Buffer Between a Crucial Strait and Marxist State

By John Andrews

MUSCAT (IHT) — For a country with less than one million people, according to unofficial estimates, the Sultanate of Oman can boast an impressive defense capability — one squadron of sophisticated Anglo-French Jaguar jet fighters, two air defense squadrons equipped with Rapier surface-to-air missiles and seven fast patrol boats fitted with long-range Exocet surface-to-surface missiles.

The cost of providing this Western weaponry for the 18,200-strong armed forces is reflected in a defense expenditure of more than \$700 million last year — or more than a quarter of the previous year's GNP.

But the capability would be a paper threat were it not for the presence of 180 British officers released temporarily from the British armed forces and a further 400 on direct contracts approved by the British government. Officially, this British presence — the result of historic links coupled with Britain's support for the sultan against the Dhofari rebels — is being wound down. The Dhofar rebellion ended in December, 1975, and the armed forces are now being "Omanized" as fast as possible. But the truth is that some sort of foreign presence is bound to remain: the West and Oman are tied together by the accidents of economic geography.

Strategic Position

One look at the map explains the reason. Oman's Musandam Peninsula, separated from the rest of the country by a small strip of the United Arab Emirates, juts north into the Gulf across the narrow Strait of Hormuz. One hundred tankers a day pass through those straits, carrying over half the West's oil and more than 90 percent of Japan's.

world's one avowedly Marxist state with armed forces equipped by the Soviet Union and trained by Russian, Cuban and East German advisers. It was in Southern Yemen that the Dhofari rebels found refuge, training, equipment and finance during their 12-year struggle and the sultan has never forgotten the Southern Yemen declaration in the U.N. General Assembly two years ago that Oman was not a sovereign state.

Given such a situation — an autocratic monarchy jammed between what is perhaps the free world's most important waterway and what is unquestionably the Arab world's most extremist state — the interest of the West in maintaining stability is only natural.

Few Illusions

This year, that interest has been significantly heightened by the overthrow of the shah of Iran and by a chain of events that has made Oman itself even more conscious of its vulnerability on the strategic chessboard of the great powers.



26 Omanis eyes, the shah was even more a protector than the British. As long ago as 1968, the British had announced their intention to withdraw from their bases east of Suez. By 1971, they had left the Gulf, and by 1977, they had even given up the small Royal Air Force base on Masirah Island, just off Oman's Indian Ocean coast.

With a Labor administration in power at Westminster, there could be few illusions over the permanence of Britain's commitment — and a British minister made it plain to Oman's foreign minister during the queen's visit last spring that Britain was no longer in a position to guarantee Oman's security. In contrast, the shah was a known — and stable — quantity. He sent 3,500 troops to help fight the Dhofaris, he gave financial credit to Oman's development plans, and he shared the determina-

Any American presence in the Gulf area would provoke storms of criticism in both Iran and the Arab world. But privately, many of the underpopulated oil-producing sheikdoms would welcome such a move and Oman — first by its use of Iranian (i.e. non-Arab) troops against the Dhofaris and now by its support of the Egypt-Israel peace treaty — has in any case long demonstrated its scorn for abuse from outside.

Gesture of Friendship

The likelihood is that in the end no one will actually be put to the test: There is no need to court Arab condemnation by establishing foreign bases when the same protection can be afforded by allowing docking and refueling rights not as a right but as a gesture of friendship.

This, after all, is precisely what happened to the 8,000-foot runway built by the Royal Air Force on Masirah Island. When the RAF withdrew in March, 1977, the rumor was that the United States would come in, since U.S. Navy reconnaissance planes had already flown from the staging post. The rumor came to nothing, and the island is now used as a training station for Omani pilots with RAF instructors.

Diversification

The other factor, of course, is a new Conservative government in Britain far more disposed than Labor to the arguments of Oman. British ties with Oman go back to the first treaty in 1798, and a commitment to train the sultan's armed

forces remained after the 1971 east-of-Suez withdrawal.

Given this historical background, and the fact that Oman's army, navy and air force all have British commanders on temporary leave from the queen's forces, the section within the Foreign Office that argues for maintaining Britain's role has been strengthened by the Conservative victory. The military elite among the new generation of Omanis receive their training in Britain's best armed forces academies, and many in Britain would think it foolish to allow a U.S. presence in Oman, which would encourage this elite to buy U.S. — rather than British — weaponry.

This potential for wrangling or indecision on the part of Oman's natural allies is not lost on the sultan. Indeed, his awareness of Oman's strategic importance has led him to cautiously diversify his contacts with the outside world. Thus, in May last year, he ignored the displeasure of Saudi Arabia and agreed to diplomatic relations with mainland China — a move explained not by any lessening of Oman's anti-Communist fervor but by its desire to establish a counterweight to the Russian role in Southern Yemen.

And it is from the border with Southern Yemen that any new threat to Oman's internal stability may come. Officially, the Dhofar rebellion is long dead. But last year, several Britons were killed on a Dhofar beach on an anniversary of the rebellion, and recently a delegation of the Popular Front for the Liberation of Oman and the Arabian Gulf left Aden to greet the new rulers of Iran. Just as significantly, the rebel chairman, Abdul-Aziz Qadi, was reported recently to have enjoyed a warm reception in Moscow.

However the Omani defense deterrent looks on paper, Oman is doomed by its position on the map to remain on the big-power chessboard.

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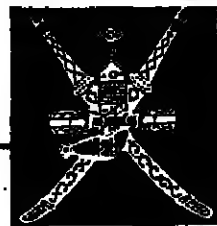
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Social Services 'Leapfrog' Into the 20th Century

By Mary Jo McConahay

MUSCAT (IHT) — Since 1970, Oman has leapfrogged from the status of a medieval fiefdom to that of a 20th century state bent on delivering full social services to its scattered population.

A young government employee remembers going to primary school in the 1960s, in a building facing the corniche in Mutrah.

"My brother and I were so lucky, because there were only three boys' schools like this in the country," he said. "The old sultan thought school would corrupt children and give them Communist ideas. Some of my friends' parents sneaked out across the desert to Saudi Arabia or sent the boys to their uncles outside the country so they could go to school. Education was never considered for girls, of course."

This year alone the government of Sultan Qaboos has budgeted over 12.5 million Omani riyals (about \$37.5 million) for new schools and other education development projects.

Construction of boys' schools is ahead of the girls' — Moslems believe boys and girls should not be together for school, work or play after a certain age — but the declared goal is equal, if separate, education as quickly as resources and limited manpower allow.

Primary Education

The chance for an education is greatly prized. Often where the school building program has not caught up with demand, children can be seen sitting on the ground under a shady acacia tree as the teacher holds classes.

Core primary children's education is the priority, but literacy programs are planned for adults as well. There are new trade and intermediate schools for grades 7-9, and an Islamic Institute where English, science and social subjects are also taught.

There is no higher education in the country, but Oman is one of the states planning to develop the new Gulf University, to be located in Bahrain.

Meanwhile, state scholarships and modest living expenses are paid by Muscat for its students at universities outside the country. In April of this year, about 200 were studying in the United States and

another 200 in Egypt, with 200 more in Europe and other Arab countries. The figure includes 100 young women students.

Health Services

There has been a quantum leap in health care as well since 1970, when Omanis were not allowed to possess medicines, and when there was only one U.S. mission hospital and fewer than a dozen doctors in the entire country. The infant mortality rate, according to some estimates, was as high as 75 percent, a number that is decreasing with new emphasis on prenatal and maternity care. While tuberculosis, malnutrition, eye diseases and other plagues of bad luck and neglect may still be found, these are disappearing as hospitals and clinics spring up, and foreign medical personnel are sent even to remote corners in government planes and jeeps.

Importantly for disease prevention, precious wells are being dug in several areas. At the same time, the alarm has been sounded about the newly prosperous home owners on the coast near Muscat, who are digging too many wells. If the sweet water in underground aquifers is tapped faster than it can be replaced, salt water will enter and permanently ruin the natural water supply in the area.

In Oman's southern Dhofar province, separated not only in distance but by custom, race and history from the rest of the country, the push for social services also has

a style of its own. Since about half the population lives in the mountains or in fishing villages inaccessible except by air or sea, and because the government particularly wants to maintain the allegiance of the inhabitants who once supported the rebels in these mountains, the social service program sometimes takes on the character of a military operation.

Daily, except in the monsoon season, British pilots on temporary assignment from the Royal Air Force fly Omani Air Force Skyvans and Bell 214 helicopters to islands, tiny fishing settlements or watering holes of seminomadic mountain herders.

For example, on a recent typical morning:

• Two Sudanese school inspectors were flown to Rakhbyt, a former longtime rebel stronghold in the west where a new school has been built. It is still half-empty, but officials hope the school will serve to entice some mountain people to settle down, and to recall home those families who fled during the fighting.

• A Sri Lankan nurse was delivered to a settlement near the South Yemen border, where he holds a weekly clinic. Had it been necessary, any injured or very sick patient would have been flown to Salalah and treated at Qaboos Hospital — all absolutely free.

• A Pakistani engineer from the Civil Aid Department, the British-organized assistance program be-

guo in the last year of the war in formerly rebel-held areas, was literally dropped off on a makeshift landing pad midway down a gorge near a traditional watering spot.

The helicopter pilot then ran a shuttle between the cliff and a former military supply area — still called "Furious" — where he picked up construction supplies and flew them to the watering hole. Here the engineer would supervise the building of a more permanent water supply station for the mountain herders, who use nearby caves as seasonal homes.

Logistics

Not only Dhofar, but each region of Oman — the capital and isolated coastal villages, the interior — presents its own logistics problems, all exacerbated by the lack of infrastructure.

Nevertheless, using foreign personnel until its own people can be trained to take over, Oman can be expected to continue its striving for widespread education, both in terms of new schools and an emphasis on health education and disease prevention measures.

One government publication sums up the priority:

"For Oman, knowledge is the bridge without which the gulf in separates the age of backwardness from that of progress and modernization cannot be crossed."

Construction: Looking to a Profitable Year in 1980

By John Whelan

MUSCAT (IHT) — The international contractors in Muscat talk a different language than their colleagues elsewhere in the Gulf. They appear settled and relaxed. The luxurious work camps that many of them built in the quiet years since the post 1974 oil price-rise boom have left many with almost an attitude of complacency.

Waiting outside the general manager's office at a U.K.-Omani contractor's headquarters outside Ruwi, the Zanzibar-born telephone explained that the telex and telephone had been out of order all morning. Yet none of the European expatriate staff seemed to share his agitation. The most persistent nagging came from an Indian clerk

who wanted to telephone a relative in Madras.

The previous night over cocktails at the company's private English pub-style bar, the conversation had been equally relaxed. "There's been an extensive dead period — no doubt about that — but we expect a pickup to happen, and 1980 should be a fairly profitable year for most of us," the general manager said.

By contrast to the atmosphere in Dubai and Abu Dhabi in the United Arab Emirates, where many contractors seem almost obsessed with tender conditions and "unfair competition" from Korean or Asian contractors, the leading firms have had a chance to settle into relationships with local partners and tender as local limited liability companies.

A Small Elite

The Omani businessmen who have entered such relationships are a small elite, coming in the main from families with a merchant tradition. They are strongly anglophile, which explains the dominance of British contractors such as Costain, known locally as Yahya Costain, Taylor Woodrow (Taylor Woodrow) and other companies including George Wimpey, Tarmac and Cementation. One general manager said of his company's local partner: "He's an influential local but not part of the closed set around H.M. [His Majesty, Sultan Qaboos]. He's frequently in London and even owns a racehorse that stands a good chance of winning one of the classic races this season. He has been influential in making sure work comes our way."

With the depressed state of the construction market in 1978, many contractors were led to accept comparatively small jobs, such as, in one case, squash courts for a local hotel. The Defense Ministry civil engineering program and the puller from the oil field development being undertaken by Petroleum Development Oman (PDO) have continued to provide work for the 20 or so grade A contractors registered with the Omani tenders board. Unlike its more richly endowed neighbors, Oman has also invited the World Bank to study and assess

a number of projects, and forthcoming ones include telecommunications expansion, water supply, power and roads maintenance. This son of work interests the foreign contractors because they believe the "Rules of the Game" will be adhered to when it comes to tendering.

One foreign executive said: "What interests us most is a job where we know the shortlist will be short and confined to contractors with the experience to do the job. What dismays us is when we suddenly find five of the six substandard companies added to a list. Inevitably, they eventually fail to execute the works on time, and, in the end, it costs the client more."

The foreign executives of construction companies seem to prefer PDO, the Defense Ministry and World Bank projects, in that order, but government officials are quick to point out that foreign companies sometimes have themselves to blame if they compete for jobs that are clearly within the capacity of wholly owned local companies. They are also quick to deny that any "discrimination" has taken place against foreign contractors and point to the liberal exchange regulations that enable foreign companies to repatriate profits.

Indeed, the government is actively encouraging the trend towards more local participation in the infrastructure program. Contractors are now obliged to import construction materials through local agents, or, where a purchase is direct, reimburse the local agent the agency commission for the product concerned. The commercial attaché of one of the Western embassies in Muscat said: "Eyebrows were raised when the agency legislation came into effect in 1977. A lot of people thought the rules would be a dead letter. But they were wrong. Now importers are finding that customs will stop the import of material unless a certificate is produced showing that the agency commission has been paid where a company is ordering direct from a manufacturer."

The government believes, and the companies themselves recognize, that the future for the wholly owned foreign companies lies more with specialist services and engineering than in the reach of the locally incorporated firms.

The two biggest talking points remain labor and the government policy of "Omanization." From the contractors point of view, the "jobs for Omanis" drive by the govern-

ment has a hollow ring since a pool of available labor is small. One expatriate general manager said: "Where you can get it, skilled Omani welder or carpenter, he is usually self-employed, working for government. Government employment allows him to moonlight (do other jobs). The Labor Department asks us to take apprentices, and we are willing to do so, but they can't find them. Theoretically, we are required to employ a certain percentage of Omanis, but the locals we can get are usually unwilling to do the type of job we require, especially if it involves hard physical work."

The government view is that it is only reasonable to expect contractors to offer opportunities to Omanis. They also point out that the number of foreign workers is declining, which, they claim, is evidence of the effectiveness of official pressures on the private sector. On government official said: "We are anxious to ensure that there is a floating labor other than non-born Omanis. Companies must keep to the rules and repair workers who are no longer required. That way, there will be chance to bring in our own people."

Good Name in World Banking

(Continued from Page 98)

cement factory had only been able to go ahead with outside investment from Kuwait.

Kuwaiti investment is particularly interesting for Oman. The Oman cement company is 40-percent Kuwaiti owned and, if a projected cement factory is built, 40-50 percent of the 1 million metric tons a year produced would be exported to Kuwait. In line with the tough line usually taken on foreign investment, the Kuwaitis have only invested in the project because they believe it is viable. Viability will depend in turn on tariffs against the import of cement once the factory starts production.

The prospects for light industry have been improved by the opening of the Oman Development Bank, whose shareholders include the Kuwait Foreign Trading Contracting and Investment Company, one of the Big Three Kuwaiti investment companies. The development bank is to serve as a vehicle for stimulating private investment in industry.

The award of a contract for a highway linking the southern Dhofar province with the north of Oman is also a good indicator of the government's intention to broaden the economic base. The Lebanese-owned Consolidated Contractors International has won the contract for the \$300-million road that will run from Nizwa to Thamrait and enable a motorist to drive from Muscat to the southern capital of Salalah, at the moment only reached by air.

Oman is dependent on imports for most of its food consumption and virtually all manufactured products. With improved methods Oman could be producing three to four times as much from its rough 35,000 hectares of cultivated land as it does today. Agriculture actually accounts for less than one-tenth of gross domestic product, a progress to date has been disappointing.

Omani dates are probably the most important agricultural export, although frankincense and henna (Omani henna is in high demand from London hairdressers because of the loss of the Iran market) are also sought after. Oman also has the distinction of being the world's biggest exporter of dried fruit used for making Indian confections.



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An Exceptional Arab Country, by Any Standards

By John Andrews

MUSCAT (IHT) — By any standards, the Sultanate of Oman is an exceptional country, a land of jagged mountains overlooking the sea, ruled by a Western-style monarch in a fast-reminiscent of the days when the sultan's sovereignty commanded the African island of Zanzibar. If anyone doubts the uniqueness of Oman, he has only to look at the events in the Middle East as a whole. The sultanate is the sole Arab country — with the exception of the doubly Arab Somalia — to support Egypt's peace treaty with Israel. Where the financially straitened Saudi Arabia has felt constrained to join radical Iraq, Libya and Southern Yemen in condemning Saudi's "betrayal," Oman has been able to stand aloof from the secessionist Arab unity in face of the "Zionist" threat.

Not only that, but Oman is willing to fly against Arab opinion and the cutoff of Arab aid by hinting at a military alliance with the United States. Ever since February, there have been reports — totally unconfirmed but not necessarily totally unfounded — of the presence of U.S. military commandos in Oman as placements for the Iranians sent to Shab Mohammed Reza Pahlavi, the foreign minister, Qais Abdul Nim al-Zawawi, visited Cairo on his way to Washington recently, giving the impression that there have been serious talks with Egypt about maintaining Oman's stability in the face of potential threats of secession from within or without.

Untainted

The truth is that Oman does not snugly into the mosaic of the Arab world. The maritime tradition brought cultural affinities close to the Indian subcontinent and the bedouin nomadism of Saudi Arabia and the rest of the Arabian Peninsula. Even linguistically, there are differences — Oman has native communities for whom Arabic is a second language, not a first tongue. Most important, current sultan's father, Said bin Taimur, kept his country in medieval isolation, uninvited by the fledgling oil boom in the rest of the peninsula.

Officially, that is all changed. Oman is not a member of the Organization of Petroleum Exporting Countries, but the accession of Sultan Qaboos bin Said brought membership in the Arab League and in the United Nations in October, 1971. The sultan — in contrast to deposed father — met other heads of state and sent his sisters to attend Arab and Islamic conferences. Oman was present at the 1974 Arab summit in Rabat recognized the Palestine Liberation Organization as the sole legitimate representative of the Palestinian people, and the sultan has on record to say: "We fully support the right of the Palestinian people to return to their land, and are looking forward to the day when the Arabs will avenge themselves on Zionism and restore Palestinian rights."

Words and Policy

But words do not necessarily reflect policy. There are crucial differences between Oman and all its neighbors — and Sultan Qaboos does not intend to change that. The most obvious is the complete lack of opinion with Southern Yemen — the People's Democratic Republic of Yemen, in titular control to the Sultanate of Oman. The secessionist movement, a theme shared by Saudi Arabia, is of Communist that colors all acts of domestic and foreign policy. It was Marxist Southern Yemen that supplied the Dhofari rebels

and continues to succor their remnants. Oman sees the fall of the shah of Iran as the start of a domino process in the whole region that must be stopped, come what may. The Omanis have not forgotten the military help they received from the shah against the Dhofari insurgents, and they view with alarm the recent visit to Iran by the chairman of the Southern Yemen-sponsored Popular Front for the Liberation of Oman and the Arabian Gulf.

Friendly Nations

Paradoxically, it was Oman's fear of Communism that led to diplomatic recognition last year of China, the theory being that the Chinese can act as a deterrent to the Russians, Cubans and East Germans in Southern Yemen.

More normally, Oman finds its friends among the conservatives of the Arab world. The one Arab country to assist Oman against the

Dhofaris was Jordan — another traditional (the critics would say "anachronistic") monarchy — and the pillar of diplomatic support is the Kingdom of Saudi Arabia. Even the friendship with "socialist" Egypt is part of the same pattern — the Egypt of Sadat with its open-door policy to Western investment is a far cry from the Egypt of Nasser, who sent his troops to North Yemen in the 1960s to overthrow the traditional imam.

But Oman's separate identity is not confined simply to a contrast with Southern Yemen. There are also differences with the oil sheikhdoms to the northwest.

Oman is the one country without a sizable immigrant population of Palestinians, Egyptians and other Arabs. Whereas in the neighboring United Arab Emirates the immigrants make up a large majority of the population, Oman's immigrant workers are a well-policed minority drawn mainly, at the bottom of the

economic scale, from the Indian subcontinent and, at the top, from Britain.

There is an unspoken assumption here that countries like the U.A.E. are storing up trouble for themselves, which Oman is determined to avoid. But what particularly rankles Oman is that the U.A.E. employs large numbers of Omanis in its police and armed forces.

Emigration

The simple fact is that Oman is losing its people to the burgeoning oil surpluses of Abu Dhabi. The oasis of Buraimi, the patch of desert disputed by Abu Dhabi, Oman and Saudi Arabia, is a small forest of radio and television masts. Abu Dhabi's Sheikh Zayed, spreading oil wealth throughout his land, set up a transmitter for the people of Al Ain (the U.A.E. name for Buraimi). But this transmitter also

showed the riches of Abu Dhabi and Dubai — fast cars, modern supermarkets and well-paid construction work — to the poor of Oman.

The result was a steady flow of Omanis from the Buraimi region seeking work in the U.A.E. as taxi drivers, truck drivers, laborers and so on — until the sultan was obliged to erect his own expensive transmitter to prevent the erosion of Oman's most fundamental asset, its people.

In essence, this will be the sultan's greatest challenge. Radicalism in the Arab world is the threat the Omanis stress most — but the border with Southern Yemen is well guarded by the British-directed night of the sultan's armed forces and the diplomatic might of Saudi Arabia, and the nearest radical threat is in distant Iraq or possibly across the Gulf in Iran. It is the hidden challenge of the

U.A.E.'s wealth that could ultimately prove the more serious threat. Sultan Qaboos's father kept his people in total ignorance of the outside world. In contrast, Sultan Qaboos has revolutionized his country with massive development projects to bring education and health care to all. The problem is that such development brings soaring expectations — and, despite the discovery of fresh oil fields, Oman simply may not have enough money to meet those materialistic expectations fast enough.

If that happens, Sultan Qaboos — who does not have the *majlis* system of other rulers, where the lowest subject can present a grievance in person — may be faced with the radicalism he so assiduously condemns. Only this time, it will be a radicalism based not on imported Marxism but on the materialistic slogans of the transistor and the television.

In Pursuit of New Defense Alliances With the West

(Continued from Page 95)

treasury. American aid would now be forthcoming should the country be faced with an "external threat."

A Western diplomat in the Gulf put the case more plainly: Oman's support of the Camp David accords, he said, "is money in the diplomatic bank."

The new hope in America comes partially as a result of the revolution in Iran. Until then, the Omanis counted for protection on the shah, who was assuming the role of the policeman of the Gulf. Iranian troops were even used to fight the rebels in Dhofar, and "their sheer numbers," said Mr. Zawawi, were what enabled the government to achieve its military victory there in late 1975.

Neither does Oman feel it can depend on its traditional protector, England. After Queen Elizabeth's visit to Muscat this year, officials in London intimated the British were on their way out of Oman on an official basis, although mercenary and "recently retired" British officers and pilots are expected to be in sufficient supply for as long as Oman needs them. In the big picture, it hardly matters: Britain no longer has the military muscle to counter a serious threat to Oman.

Internally

On the home front, Omanis say they feel secure. Because oil wealth is less, and thus the pace of development slower, Oman is not as overwhelmed by foreigners as some of its neighboring Gulf countries and may have less to fear from a disaffection of second-class citizens. Tribalism in the interior is still strong, but measures are being taken against it, and all over the country hearts and minds are being tied to the central government with new schools, roads and other development programs.

Dhofar, too, appears quiet, although about 40 or 50 rebels remain in the mountains. Last year, several British technicians from a company that services Oman's military aircraft were killed by rebels as they picked up a beach; long-time expatriate residents claim they still sleep with guns under their beds.

But the new Qaboos regime and the intensive aid campaign from Muscat to traditionally independent Dhofar — about 253 million Omani Riyals (around \$760 million) for the 65,000 Dhofaris in the current Five Year Plan — is eliminating some of the issues that spurred the province to war under Sultan Said in the first place and has wrenched popular support from the rebels' cause.

Yet in western Dhofar the long-

virtually unmarked border with Southern Yemen is patrolled only at a wooded area in the south and at two desert watering holes. Close by are Southern Yemeni soldiers, backed by Russians and Cubans. Omanis feel these would be quick to cross into Dhofar on the pretext of supporting renewed rebellion.

State Spending Relatively Low

By John Whelan

MUSCAT (IHT) — The government budget is the traditional through which oil wealth trickles down to the sultanate's estimated population of 820,000. The squeeze on spending in the past two years has led many native-born Omanis to hit the road on the way to the wealthier Gulf sheikhdoms of Abu Dhabi and Qatar, where jobs are open to them as soldiers, policemen or gun-toting security guards for the more nervous of the sheikhs.

In the past few years, the budget has been adopted late, and, for some items, particularly development spending, actual expenditure was considerably less than the estimates.

The 1978 budget, for example, provided for an overall deficit in excess of 200 million Omani riyals (\$379 million), reflecting sharply lower oil receipts and grants and a one-third increase in development spending.

Infrastructure

The key to the budget story in 1978 was the lower capital expenditure outside the oil sector, meaning few new infrastructure projects. The International Monetary Fund calculates that capital spending was as much as 30 percent less than in 1977 and much lower than in the mid-1970s. Oman representatives who met the IMF mission in Janu-

ary attributed the decline in development spending — about 121.1 million riyals (\$350 million) — to lower costs and argued that making contracts subject to international bidding had produced savings. In addition, the port congestion, never as bad as elsewhere in the Gulf, had been eliminated.

Although no dramatic increase has been budgeted for 1979, the 225 million riyals (\$652 million) allocated for capital expenditure in the budget is expected to be utilized. The government is also looking at other sources of revenue, including a review of the tax system and level of customs duties. It is too early to say whether this improvement has taken place, but in an oil-based economy, the wealth of the population is highly dependent on the net injection of liquidity into the economy resulting in the government's spending at home in excess of national savings. Such net spending declined in 1976. Credit to the private sector also increased by less than half the previous year, reflecting a more cautious approach by the banks as well as the slowdown in private sector activity.

Oman is not in the league of the oil surplus states, as shown by the balance-of-payments deficit in 1978 of 35 million riyals (\$101 million). The central bank had to step in using credit lines with correspondent banks, and, because of this, official reserves declined only slightly. Despite the anticipated oil price rises, some observers think that a similar rescue exercise will be required in 1979. The level of grants, particularly Saudi help for the copper project envisaged at Sohar and the north-south arterial road will be crucial.

The sultanate's public external debt is about 189 million riyals (\$547 million), although the maturity structure has improved somewhat. Debt service payments, which were about 9 percent of exports in 1978, are likely to rise soon as medium-term loans contracted in Eurocurrency in the mid-1970s — which were criticized at the time, are falling due. The central bank, which holds two-thirds of official reserves, pursues a conservative development strategy, stressing diversification among countries and currencies, and security over yield. Although there has been some lengthening of maturities, the bulk is in placements of one year or less. The government's holdings tend to be in longer-term assets apart from small working balances in banks abroad. The royal family's personal fortune is difficult to assess.

Free Exchange

The exchange system, in common with other Gulf countries, is free of restrictions on payments for current and capital transactions (except to Israel, Zimbabwe, Rhodesia and South Africa). The customs tariff for nearly all dutiable items is 2 percent, with only about half of all imports subject to duty. Transactions with Eastern bloc countries are sensitive politically.

Since February, 1973, the Omani riyal has been pegged to the U.S. dollar at the rate of 1 riyal equals \$2.89534. This peg resulted in an imported weighted depreciation of about 9 percent in 1978. It is characteristic of the conservative nature of the central bank that Oman has not followed the more fashionable trend elsewhere in the Gulf in linking the currency to the IMF's special drawing right.

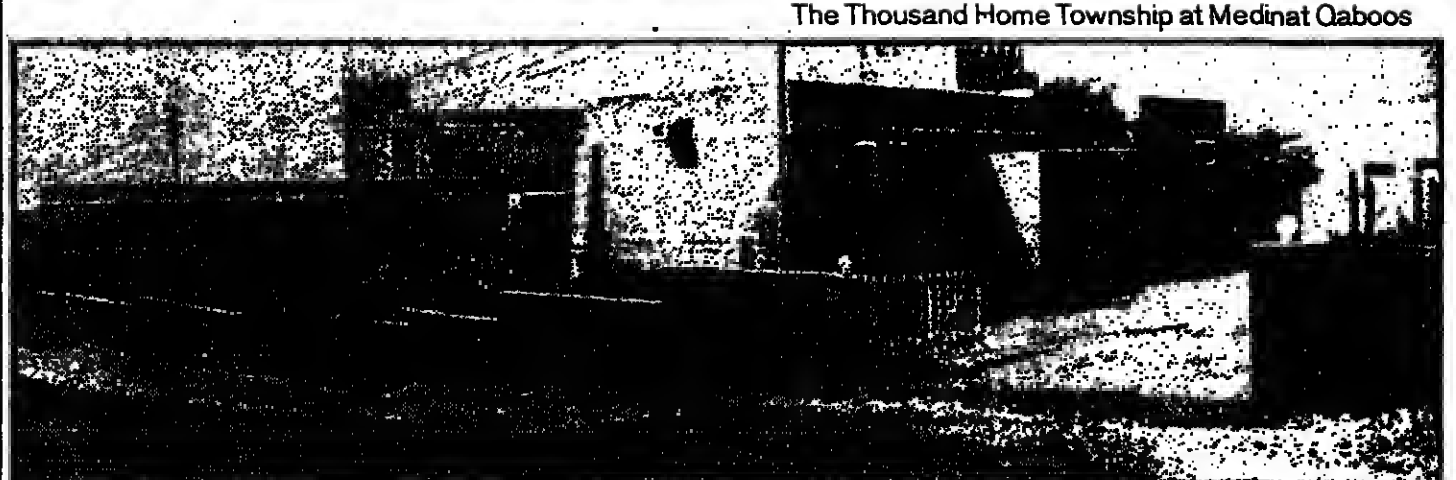
The much-heralded improvement in government spending is more likely to take place from 1980 on-

wards rather than in 1979. Any resurgence in guerrilla activity in the southern Dhofar province would have the effect of diverting much of the extra funds into defense spending. The government's options may also be narrowed by the need to offer comparable public sector wages to the pay offered in richer neighboring states. It is for this reason unlikely that tough income tax legislation would be introduced. Even with energy prices going through the roof, Oman's dilemma remains that of the poor man in a street of rich neighbors.

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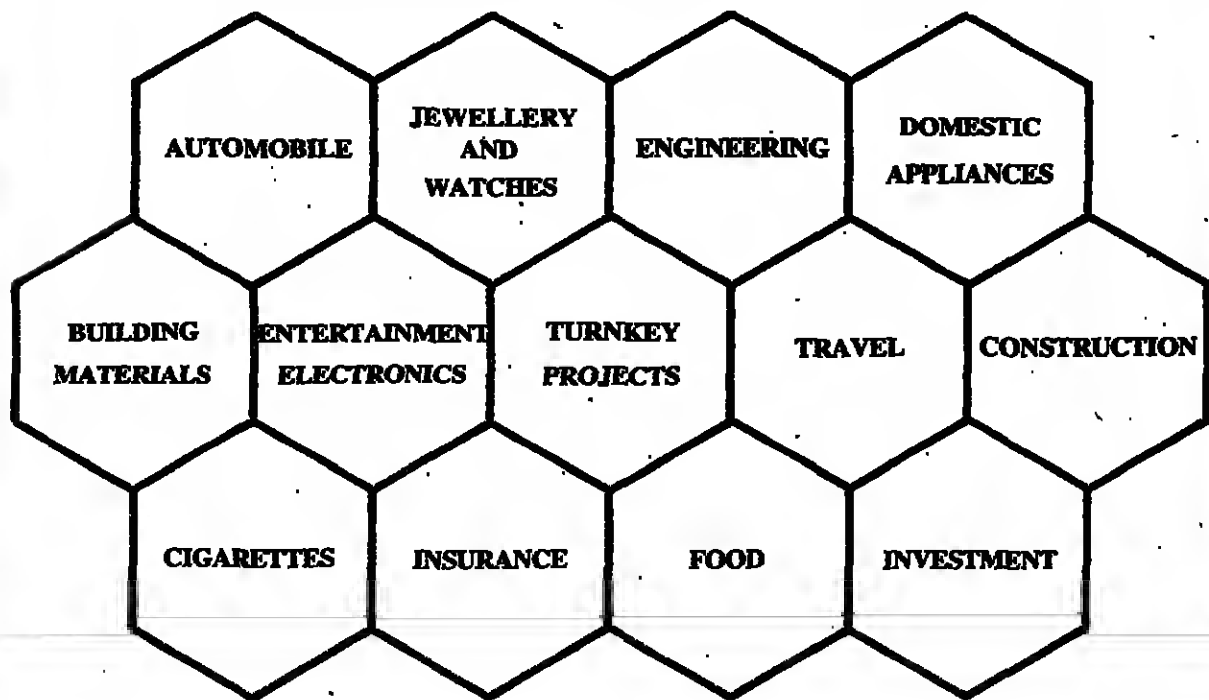
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Tourism: Still for the Privileged Few

By Mary Jo McConahay

MUSCAT (IHT) — Unknown and exotic as an Arabian Tibet, the interior of Oman was a mystery to most Westerners until this decade.

Today, however, with characteristic caution, the government is looking at the possibilities of package tourism in order to diversify its oil-based economy, to earn foreign exchange and create jobs and to stimulate a greater demand for imported food and consumer goods.

Not only the sultan's economic advisors are urging the new industry. Travel agents and airlines are excited by the potential of this remote and beautiful land, and operators of luxury hotels see the idea as a boon to their under-occupancy. It is the perfect vacation, they say, for the jaded holidaymaker who has tried all the other tours. Oman, they point out, has an exquisite and varied landscape, is perfect for diving and other water sports, has friendly people, a fair climate in season, and sights removed enough to generate a certain sense of adventure but close enough to Muscat to have the tired client back on board ship or in his luxury hotel room at night.

Unfortunately for these agents, but perhaps blessedly for the still extremely provincial population, the government is proceeding slowly. The case against tourism, some feel, is at least equally strong as that in favor.

Most Omani settlements are still on a fragile, antique economy that could be grotesquely distorted by even limited amounts of tourist cash.

Perhaps even more important, Omanis belong to a strict sect of Islam that forbids alcohol and frowns upon open frivolity and familiarity between men and women. Also on religious grounds, they are offended by clothing that bares arms and legs — exactly what vacationers wear in a hot climate. Western tastes and leisure behavior are tolerated in two or three hotels in the capital and in the single luxury establishment in the far-off southern province of Dhofar — an incongruously situated \$100-a-night Holiday Inn. Spreading tourists to the hinterland, feel some, is quite another matter.

In fact, the people of some parts of Oman are likely to be surprised by any foreigners who wander into

their midst, because only a few years ago all contact with outsiders was discouraged, and local tribesmen were notoriously xenophobic. One traveler writes of how the slave-retainers of Sultan Said bin Taimur, who was deposed in 1970, forbade him to chat in the marketplace except to buy what he needed. Sultan Said did not want his subjects to travel within their own country, let alone abroad, and some fanatic tribesmen established standing threats to any Christians mad enough to want to explore their territory.

Physical Difficulties

These dangers have passed, but the physical difficulties of traversing the vast country remain. For instance, there are fewer than 1,400 miles of paved road. While this

number is up from only three in 1970 and grows steadily, it nevertheless can make for some rough traveling by car.

Travelers to Salalah in the southern Dhofar province, about 1½ hours away by almost-daily plane from Muscat, must have a government permission before they board.

Currently, while a few closely controlled, limited tours have been allowed through Muscat from cruise ships, individual tourists without sponsorship are not allowed into the country. Naturally, this makes traveling in Oman today a kind of prize for Arabists, a goal of expatriates living in the Gulf and a minor coup for the businessman with a sense of adventure who can manage to combine a foray into the interior or down the coast with a business trip.

The capital area itself is centered on a storybook Arabian port: The sultan's opulent palace and the shining white houses with lattice balconies line a crescent blue bay. Wooden fishing dhows with new motors chug among the big ships at Port Qaboos to unload their nets onshore at sunset. Rising above the ministries and increasing bustle of the city are the massive old forts, a reminder of the onetime importance of Muscat as a sea power and its Portuguese occupation over 300 years ago.

Yet Muscat, with its suburbs of Ruwi and Muttrah, is cosmopolitan: the architecture is Arab, Persian, Indian, African and modern cement block, its streets are filled with Indian and Pakistani merchants, with Asian and Western businessmen. A European woman or two may be glimpsed driving a car.

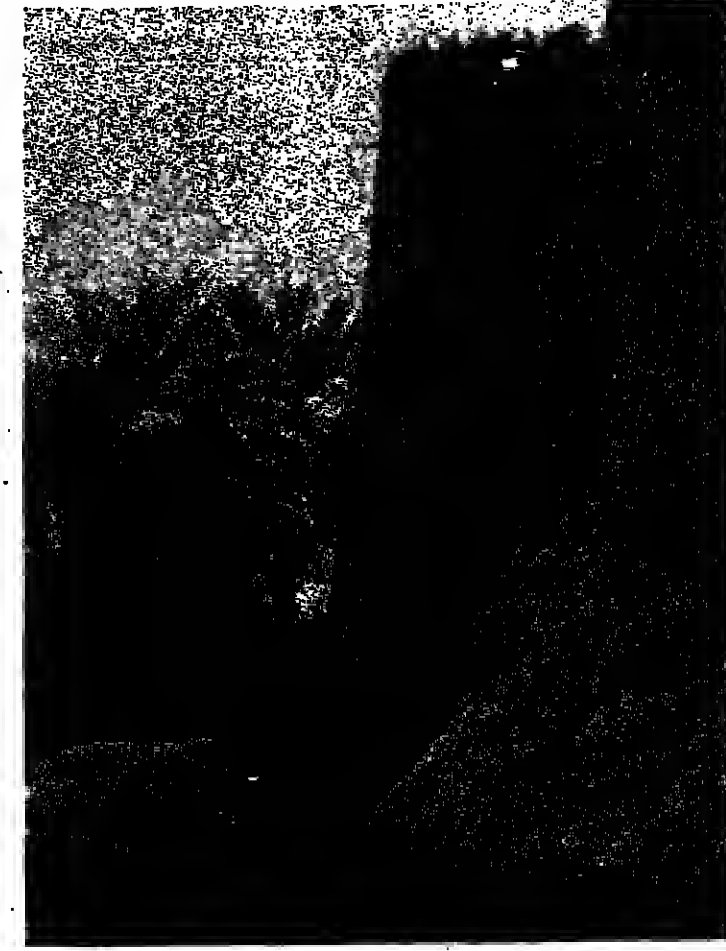
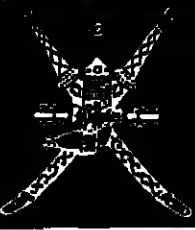
Another World

Even a short day-trip from the capital, however, will take the visitor into another world, a purer Arabia of old lore and poetry, of sights and smells that are disappearing rapidly from the rest of the peninsula.

The center of old Nizwa, for example, an easy drive from Muscat, can seem untouched by modern developments on a busy market day. For centuries, this was the capital of what was known as Oman proper (as opposed to the Sultanate of Muscat). Tribesmen still come to its famous silver souk to look at swords and dagger sheaths, as their women inspect the beaded jewelry and piles of Maria Teresa dollars. Outside, some men sit on the ground making sandals from strips of hide, while others may lead young cows around the trunk of a huge, shady tree, shouting out the lowest price they will take for their animals.

Because of the intriguing travel opportunity and the legendary courtesy of its people, Oman is considered by many the most pleasant stop in the Gulf. One U.S. Embassy publication suggests to businessmen that "Oman might be scheduled in between two more severe destinations on a multi-country mission to this area."

Until government officials have made a decision to permit the incursion of travel industries, however, still a very debatable subject, these businessmen and a few other fortunates will continue to be the only "tourists" in Oman.

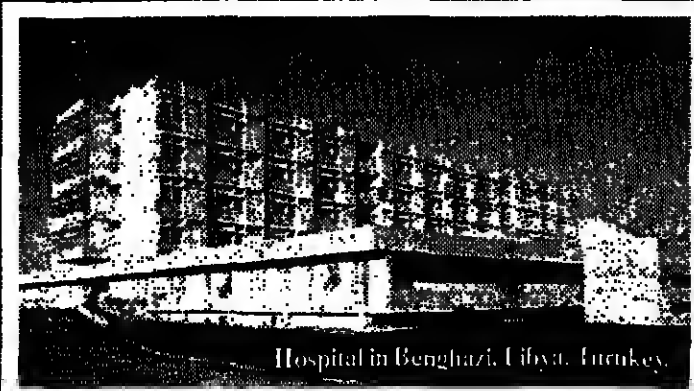
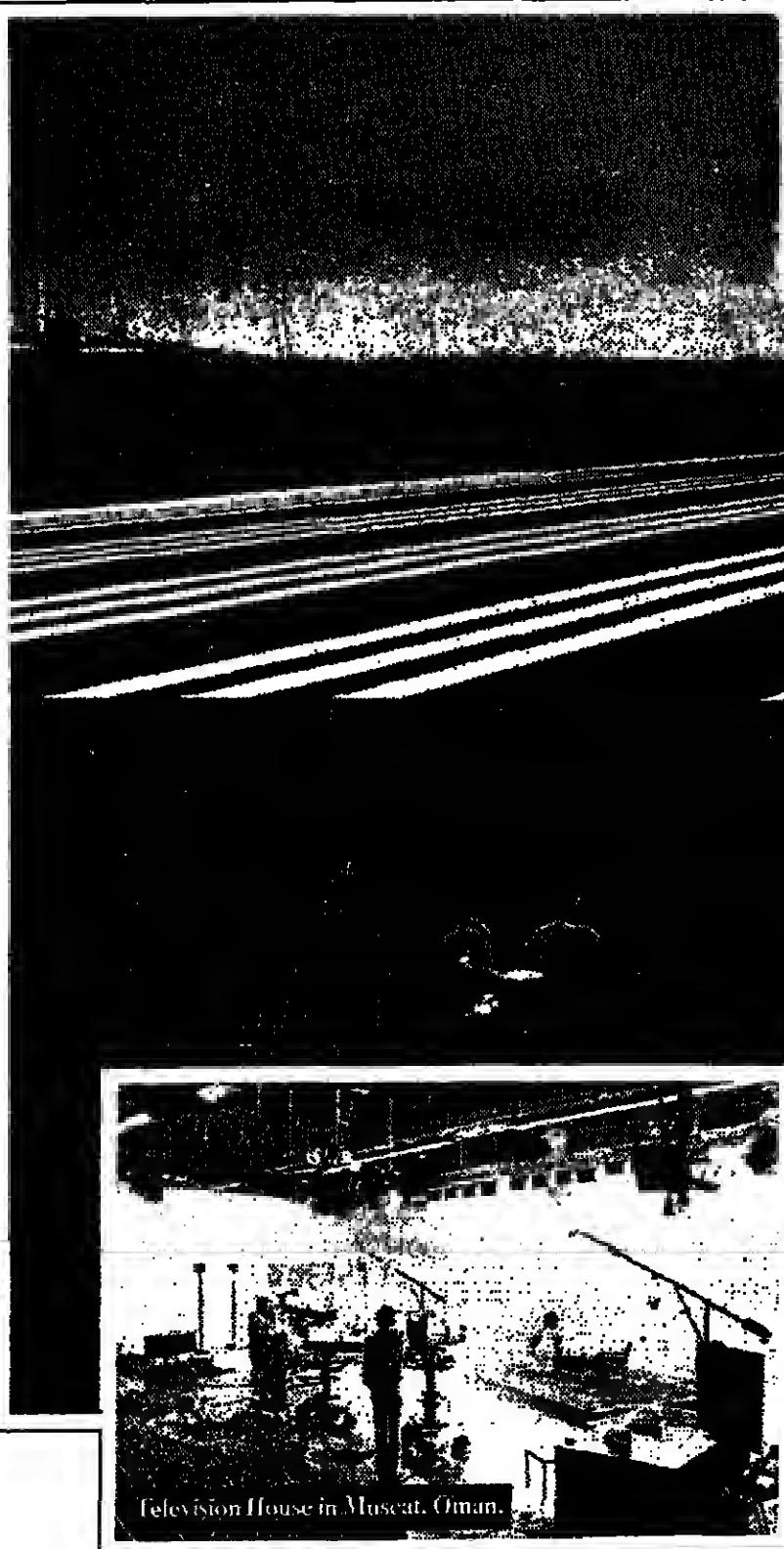


The Soulaif Oasis on the Ibbi Plain.

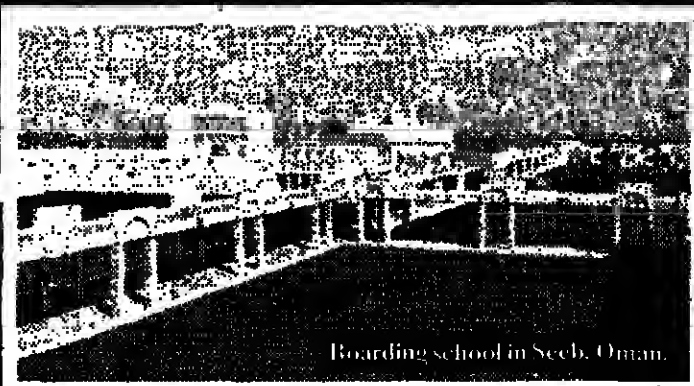
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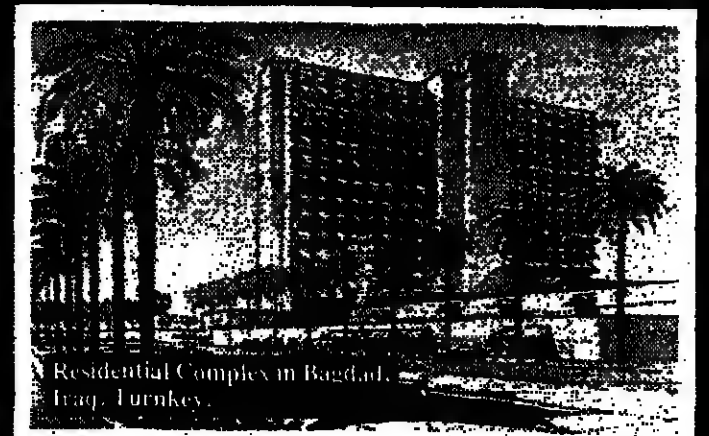
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Petrodollar Swell Straining System

By Ann Crittenden

NEW YORK, June 25 (NYT) — The 1973 oil embargo, the international monetary system, the problem of financing the price of oil, despite wide-spread and recurring fears of debt in the developing countries, monetary crises in the West, the monetary system faces a difficult challenge, and experts are beginning to wonder whether the private banking system, however well it has worked, can handle the new strain.

The latest test is another jump in oil prices, probably the sharpest in years. The increase will already be expanding trade deficits of the developing countries by \$35 to \$40 billion, at a time banks are showing clear signs of stress with more balance-of-payments loans.

The aggregate current-account deficit of the developing countries totals a staggering \$238 billion, more than one-half of which is due to commercial banks.

David Rockefeller, chairman of the Manhattan Bank, warned in a recent interview that "the monetary banks are unlikely to play the predominant role in recycling (petrodollars) that they did in the 1970s because of the astronomical levels of foreign piled up by the developing countries."

Another worried observer is Sen. J. D. D. N.Y., who placed a "limit" in the Congressional Record regarding his belief, shared by Mr. Rockefeller, that the new situation will mean sharply curbing growth in the developing world.

"At this time these countries may have to pay to cut their domestic consumption to pay for the increased cost of their oil imports," Mr. Javits said last week.

"This will also have adverse effects on the economy of the industrialized countries, which will find the markets for exports shrinking."

Any bankers, however, seem to agree that the financial mechanism now in place can well handle

the new oil bill. "The system, having been tested in 1974, is going to work OK this time," said Lee Fruscia, Deputy Chairman and head of the international banking division of the Bank of America.

Mr. Fruscia and others point out that the oil "shock" this year will be far smaller than in 1974. According to an analysis by the Morgan Guaranty Trust, OPEC's surplus, after imports and aid transfers, will jump from \$5 billion in 1978 to \$30 billion or more this year, an increment equivalent to about half of 1 percent of the gross national product of the industrialized nations. In contrast, the increase in the surplus between 1973 and 1974 was \$59 billion, or 1.8 percent of the output of the developed nations then.

Rimner de Vries, vice president and chief international economist at Morgan Guaranty Trust, argues that the OPEC nations have surprised the experts in their ability to absorb their oil revenue and they could do so again. By 1978, for example, they were spending or lending all but about \$5 billion of their more than \$125 billion in oil earnings, compared with spendable surpluses of some \$27 to \$35 billion in the previous three years.

With this sharp contraction of the OPEC current-account surplus, OPEC deposits into the banking system dropped dramatically, from \$13.4 billion in 1977 to \$5.9 billion in 1978, according to the Bank for International Settlements. At the same time, the oil-producing nations, taking advantage of a borrower's market, last year became the largest net borrowers globally. Algeria, Iran and Nigeria, OPEC countries, borrowed \$1.1 billion in 1978, up from \$14.3 billion in 1977.

Now, however, OPEC imports are growing at a much slower rate — 5 percent last year — than in earlier years. And some observers wonder whether, for both political and economic reasons, such Muslim countries as Iran, Libya, Iraq and even Saudi Arabia will

(Continued on Page 17, Col. 7)

Dollar Declines Sharply

LONDON, June 25 (AP-DJ) — Selling of dollars by Far East and Middle East interests led a sharp fall of the currency from most other main trading centers today, despite sizeable support from central banks in East and the United States.

Looking at the dollar's recent trend, experts pointed to two factors: statements by European officials and bankers that the dollar was somewhat undervalued and selling by the Arab states.

weaker dollar would partially offset the effect of higher oil prices on Europe as oil is internationally priced in dollars. Thus, it would be the interest of European countries to see their respective currencies strengthen against the dollar, they said.

Moreover, apprehension in the United States that there will be renewed hostilities in the Middle East have resulted in stepped-up speculation out of dollars and into other currencies, an article in today's Wall Street Journal said.

News and Notes

New York Appeals Court has almost the entire jury verdict of \$91-million in damages against Eastman Kodak for copyrighting much of the structure of the business. The court judge agreed unanimously to throw out the award of \$5.7 million to Berkeley Photos for lost profits resulting from Kodak's 110 cameras. The court judge also remanded for a new trial the award to Berkeley of \$4.4 million for excessive prices paid for film, the award of \$67,400 for lost photofinishing profits, and the award of \$57,000 for excessive prices paid for photofinishing equipment. The court affirmed the jury finding that Kodak violated the Sherman Act by conspiring with Sylvania and General Electric in the introduction of the MagiCube and Flip systems. It also affirmed the award to Berkeley of \$990,000 for lost camera sales in 1970 resulting from the MagiCube conspiracy.

Westinghouse Electric and the state power board have reached a settlement on a uranium-uranium lawsuit that will cost the U.S. company about \$65 million to be accounted for in the quarterly earnings. Westinghouse agreed to pay \$60 million and provide certain equipment and services at no charge, about 1.8 million pounds of uranium at cost of production and weekly additional payments from the net proceeds of any Westinghouse recovery of damages from its lawsuit against uranium producers. Meanwhile, a federal judge approved a \$380-million out-of-court settlement previously reached between Westinghouse and Virginia Electric & Power in another uranium-

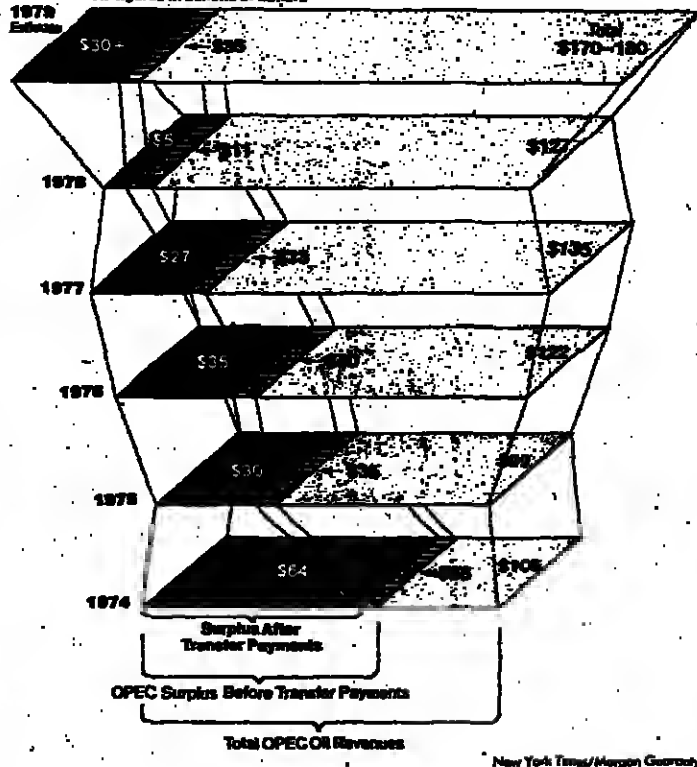
supply contract suit (HT, April 18). Westinghouse said it has now settled 10 of the 17 original uranium-supply lawsuits, accounting for more than 55 percent of the uranium involved, brought against it in 1975.

Cockfield shareholders have approved a restructuring of the steel firm. At a special meeting, shareholders agreed that the Belgian state will take a 28.9-percent stake in the firm's reduced capital and that the state will take up two convertible loans to be issued by the company. Shareholders agreed to reduce the company's capital of 7.76 billion francs to 5.04 billion francs (about \$170 million) to write off 2.7 billion francs of its losses totaling 18.7 billion francs. This capital was then raised to 7.09 billion francs from 5.04 billion francs by creating new shares valued at 1,300 francs each, which will be taken up entirely by the state. Belgium will then write off 2.05 billion francs of debt owed it by Cockfield.

IBM was acquired by a San Francisco Appeals Court in a \$306 million antitrust suit brought by CalComp, a California maker of computer software. It brought suit in 1973, charging predatory pricing and other tactics in an attempt to monopolize the market for peripheral equipment plug-compatible with IBM and other large computers. A trial by jury was begun Nov. 15, 1976, and after 54 days of testimony, the judge directed a verdict of acquittal. This was upheld by the appellate court Friday, saying CalComp had not presented sufficient proof to support its complaint.

The OPEC Surplus Begins to Grow Again

All figures in billions of dollars



In Bidding for Bahamian Refinery

Charter Strategy in Danger of Backfiring

ATLANTA, June 25 (AP-DJ) —

The efforts of Hideca Trading, a Venezuelan petroleum concern, to outbid Charter Co. for an interest in a Bahamian refinery have raised doubts among analysts about whether Charter's scheme to enter the top ranks of U.S. energy companies may backfire.

It appears that Charter could both lose its chance to gain a significant share of the highly profitable refinery, the world's fifth largest, and find itself in trouble with some major customers.

Charter already has committed itself to supply about 130,000 barrels a day of heavy fuel oil to several East Coast utilities. It will not have that oil unless it gets a major interest in the refinery or can quickly locate other supplies.

Charter's predicament stems from its decision this year to rescue financially ailing Carey Energy, the largest independent East Coast petroleum marketer. [Charter has said it expects the acquisition to produce a 10-fold rise in this year's profits — a report that catapulted it to the list of most active stocks traded on the New York Stock Exchange. Today, however, it fell more than four points.]

Charter's Plan

Carey lost control of its 65-percent interest in the Bahamian refinery a year earlier, when, after amassing nearly \$500 million in debt, a Bahamian judge ordered the asset liquidated and turned it over to receivers.

Charter put together a plan for repaying Carey's debt, owed mostly

to National Iranian Oil Co., Libya's National Oil Co. and Standard Oil of California, which holds the other 35 percent. The plan eventually would be submitted to the Supreme Court of the Bahamas. Approval there would turn the 65-percent interest over to Charter.

Everything seemed to be going smoothly, until May 9 when Albert Tudecia's Hideca Trading told the refinery's receivers that it too was interested in acquiring the 65-percent interest. Mr. Tudecia said he was prepared to offer \$100 million down plus term notes to settle all debts. He said financing was being arranged through International Energy Bank, of London, and Banque Worms, of Paris.

Charter is offering much less cash. Its tentative arrangement with California Standard calls for an initial payment of \$20 million with an additional \$30 to \$40 million to be paid over time. California Standard also would get an option to buy 15 percent more of the refinery in return for forgiveness of all remaining debts plus a 50-percent interest in deep water ports and a desulphurization unit at the refinery.

Iran and Libya each would get \$75 million in Charter convertible debentures with remaining debts to be paid through monthly premiums of \$7 million which would be added to the cost of crude supplies both governments have agreed to provide.

Some observers believe Hideca's offer is the more attractive. Since it made its original proposal, Hideca has raised the size of its proposed

Carter Aides Admit Slump Coming

By Art Pine

WASHINGTON, June 25 (WP) —

The Carter administration is undergoing a major shift in its perception of the nation's economic problems — a belated recognition by top policymakers that the economy now appears headed toward a recession late this year and in 1980, with inflation likely to be far higher than officials had expected.

The change, which has evolved quietly over the past two or three weeks, has just begun to be acknowledged publicly by highly placed officials — and even then only in terms of a "possible" impact on the economy from recent oil-price increases.

Administration sources also say there is beginning to be some talk among policymakers about the possibility of at least a moderate-sized tax cut next year to offset the impact of higher oil prices and the increased tax burdens caused by inflation, pushing tax-payers into higher brackets.

Today, the chairman and ranking minority member of the Joint Economic Committee, saying that a recession is imminent, called for a

tax cut effective next year of at least \$20 billion. Sen. Lloyd Bentsen, D-Texas, and Rep. Clarence Brown, R-Ohio, said at a press conference that half of the tax cut should be used to compensate for inflation and half as incentives for more investment.

Treasury Secretary Michael Blumenthal raised the possibility of recession last week, warning that another sharp increase in oil prices could push the economy over the slow-growth line. And Lyle Gramley, a member of the Council of Economic Advisers, has said the White House no longer can "rule out" the chance of a slump.

But internal forecasts prepared by high-level administration economists show an even more pessimistic scenario, with the economy's growth rate slowing to well below 1 percent this year and inflation approaching, and perhaps topping, 10 percent. The low growth rate would imply at least a mild recession.

The shift in outlook is not likely to become fully apparent immediately. But strategists are expecting the administration to go at least part way toward a more realistic forecast when it publishes, probably in mid-July, the mid-year budget review, the traditional vehicle by which the White House each year "reads" its January economic predictions.

The final forecast, redrawn from scratch rather than revised from January's forecast, depends on how much the oil cartel decides to raise prices at tomorrow's meeting and how candid the administration will be following President Carter's return from the Tokyo summit.

The change in the official outlook stems mainly from the sharper-than-expected rise in oil prices, which have soared 35 percent since the start of this year and may rise further. Another factor is that the nation's economy generally has begun weakening substantially from its pace early this year.

To some outsiders, the administration's shift may seem belated. Most private economists have been predicting a recession for months. And it has been evident since early spring that 1979 inflation would outpace the 7.4 percent officially forecast last January.

Nevertheless, the switch is significant. Presidential advisers traditionally are the last ones to acknowledge the possibility of a recession, but when they do, it often presages a policy shift as well. However, dealing with the threat of recession may have to wait a few

months. Policymakers are far too busy now trying to cope with the newly intensified gasoline shortage and inflation's increasing threat to the already weakened wage/price guidelines.

For these and other reasons, insiders also say the tax-cut debate may not reach serious proportions until late summer or early autumn — when the administration needs to begin thinking seriously about the issue if it wants to propose tax-cut legislation in its January, 1980 budget.

While some of Mr. Carter's advisers still are holding firm against a tax cut in hopes that the economy can "ride out" the impact of higher oil prices, others argue that the White House ultimately will find itself having to act next January.

Backing that up is a growing fear by some forecasters that even if the recession is mild, it could last into 1980. The same absence of imbalance that may prevent the recession from deepening could deprive the economy of its traditional "snapback."

This scenario, of course, would dash remaining hopes that the president will be able to balance the budget in fiscal 1981. The combined impact of a recession and a major tax cut would make a deficit almost certain, although both the administration — and Congress — continue to hold out that hope.

But more experienced strategists concede the White House may be drawn into a tax cut next January in the face of the coming presidential election.

Wall Street Prices Down; Profit-Taking Hits Grains

NEW YORK, June 25 (Reuters) —

Discouraging news on energy, inflation and the dollar today forced New York Stock Exchange prices to give up almost all the ground gained last week.

Analysts said investors were worried about the inflationary impact of oil price increases expected to emerge from tomorrow's meeting of OPEC oil ministers and continued dollar weakness.

The Dow Jones industrial average dropped 4.85 to 844.25 while declining shares outnumbered advances 980 to 494. Volume slowed to 31.33 million shares from 36.41 million Friday.

Recent sharp rises in grain prices on commodity markets raised the specter of upward price pressures on both food and fuel, analysts said. Compounding those worries, they said, is the strike by independent truck drivers which could put further upward pressure on food prices.

Analysts said that with continued dollar weakness and upward pressure on prices, the Federal Reserve also is unlikely to ease its current tight credit policies.

On the Chicago Board of Trade, profit-taking dominated today's trading and wheat, corn, oats and soybeans closed substantially lower.

Another negative influence was the pickup in farmer selling and a turn to the weather, which permitted harvesting of the winter wheat crop in regions of the Soviet Union and the United States.

A moderate amount of rainy weather provided a final bearish factor since it came at a critical time for newly planted Soviet and U.S. crops.

Late Friday, the Agriculture Department reported that for the third time in as many days, the Soviet Union bought U.S. grain — more than 1.01 million metric tons of maize. The order was on top of contracts totaling more than 1.4 million tons of corn and wheat earlier in the week, bringing such purchases to 13 million tons for delivery through Sept. 30.

In a related report, the department said the Soviet Union now is expected to import a range of 21 (Continued on Page 15, Col. 5)

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June 1979

NYSE Nationwide Trading Closing Prices June 25

Tables include the nationwide prices up to the closing on Wall Street

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Profit-Taking Hits Grains Wall Street Prices Down;

(Continued from Page 13)

million to 28 million tons of grain in 1979-80 from all sources. This compared to a May 15 forecast of Soviet imports between 15 million and 22 million tons.

Meanwhile, the Central Intelligence Agency estimated Soviet grain production this year will fall to about 185 million tons from the record output of 237.2 million tons in 1978. Rep. Glenn English, D-Okla., said the CIA last week told a briefing for House Agriculture Committee members that it expects the Soviets to need about 30 to 35 million tons of imported grain over the next 12 months, including about 25 million tons of U.S. grains.

Adding to worries about consumer spending was the continuing slide in U.S. new car sales, which fell 27.5 percent in mid-June from a year earlier. General Motors fell ½ but Ford Motor was unchanged.

Volume leader Chrysler was unchanged at 10% after jumping 2½ Friday following the report, denied by both companies, that Volkswagenwerk would make an offer for Chrysler's stock.

Gaming shares were weak again. Charter skidded 4% to 30% and the warrants 4% to 26 despite Charter's denial that its plans to gain control of a Bahamian refinery were to trouble.

Berkey Photo tumbled on the unfavorable court ruling. A U.S. appeals court overturned most of the \$37.1 million in damages awarded Berkey in an antitrust suit against Eastman Kodak.

American Stock Exchange prices were down with the index off 0.3% at 199.73.

Takeover news spurred spectacular over-the-counter market gains. Fidelity union file surged 19% to bid. It said directors will recommend holders accept a merger offer of \$72.50 per share from Alliance Versicherungs, of West Germany.

Atlantic Steel soared 21 to 37 ½ after Ivaaco Ltd., of Montreal, said it would tender for all Atlantic Steel's shares at \$40 each.



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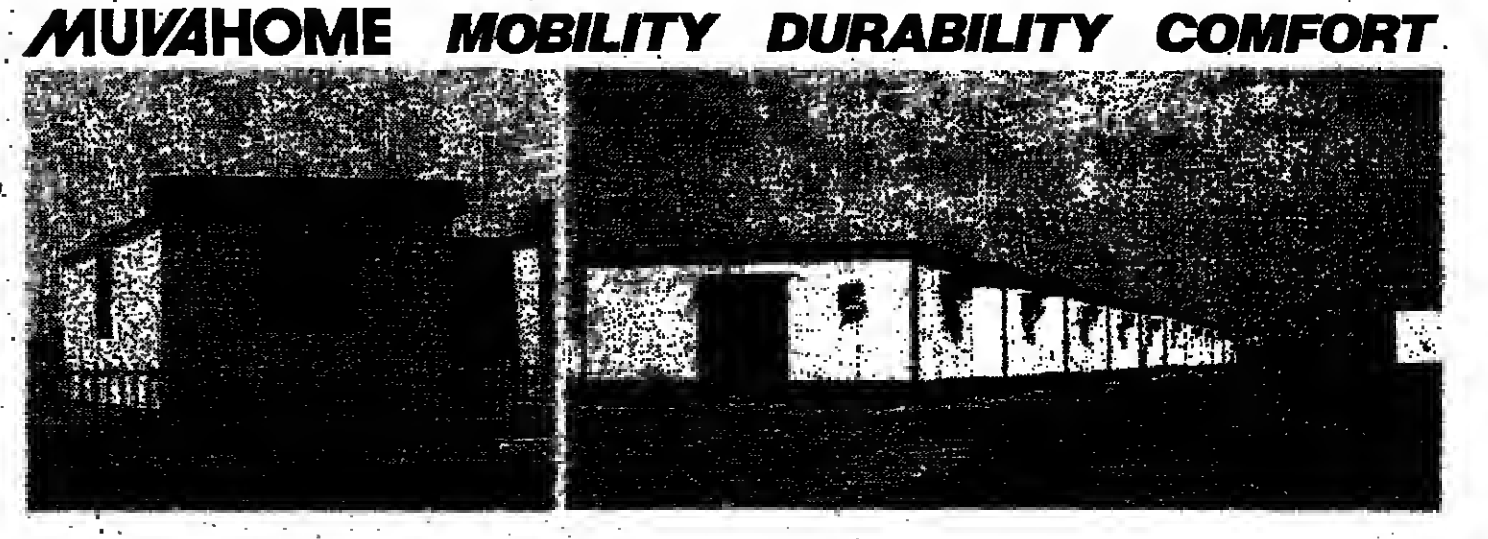
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12 Month Stock								12 Month Stock								12 Month Stock							
High	Low	Div.	In \$ Yld.	P/E	Sis.	Clos	Prev	High	Low	Div.	In \$ Yld.	P/E	Sis.	Clos	Prev	High	Low	Div.	In \$ Yld.	P/E	Sis.	Clos	Prev

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[illegible]

12	8	1%	1%	1%	7%
13	21	7%	7%	7%	12%
7	76	128%	128%	128%	16%
13	21	10%	10%	10%	10%
7	7	1%	1%	1%	1%
7	7	10%	10%	10%	16%
12	6	9%	9%	9%	9%
14	4	10%	5%	5%	5%
10	15	15%	15%	15%	15%
W-V					
9	2	6%	6%	6%	6%
11	14	11%	11%	11%	11%
5	7	1%	1%	1%	1%
5	14	21%	21%	21%	21%
8	14	21%	21%	21%	21%
6	38	6%	6%	6%	6%
6	1	1%	1%	1%	1%
6	1	1%	1%	1%	1%
3	7	4%	4%	4%	4%
0	41	9%	9%	9%	9%
4	6	4%	4%	4%	4%
4	4	4%	4%	4%	4%
4	3	12%	12%	12%	12%
4	3	5%	5%	5%	5%
41-197					
4	197	5%	5%	5%	5%

6	35	6%	6%	6%
5	x98	22%	21%	21%
5	14	19%	19%	19%
19	184	5%	5%	5%
19	184	19%	19%	19%
21	52	20%	20%	20%
3	138	17%	17%	17%
3	138	7%	7%	7%
18	2	3%	3%	3%
7	52	24	23%	23%
2	10	24%	24%	24%
2	10	2%	2%	2%
6	5	17%	17%	17%
6	5	8%	8%	8%
4	68	22%	22%	22%
3	46	13%	13%	13%
3	23	11%	11	11
3	23	6%	6%	6%
6	9	1%	1%	1%
39	336	9	8%	8%
3	306	2%	2%	2%
3	306	2%	2%	2%
41	14	15%	15%	15%
41	x10	45%	45%	45%
7	5	10%	10%	10%
2	5	6%	6%	6%
2	5	1%	1%	1%

8	128	20	51%	11-161	17%
0	x12	122	12%	12%	12%
Y	z				
9	83	18%	18%	18%	+
2	8	0	7%		

early nigh.

of dividends in the forecasts based on the last quarterly or extra dividends or all are omitted in the forecasts

annual rate plus stock dividend or paid in preceding or stock dividend or option sale. If deferred or no action taken. If not paid this year, no stock arrears, no new issue, no 6-months plus stock dividend, including estimated cash value is.

E=C dividend and sales in fol

ated, 1¢—When issued, warrants, 10¢—Ex-distribution, 1¢—This or being recognized under assumed by such companies the previous 22 weeks out the trading day, and amounting to 25 per cent of the low range and dividend of

After 8 Losses

Phillies Break 'xpos' Jinx, 5-2

TREAL, June 25 (AP) — Christenson hit a pair of home runs and his ninth career home run support his solid pitching since here yesterday as the Philadelphia Phillies broke the Expos' jinx at long last by winning the Mottola Cup, 5-2.

Reds 8, Giants 7
In the eighth inning, Ken Griffey's sacrifice fly in the eighth inning drove in the winning run, leading Cincinnati to a 7-5 victory over San Francisco. Cincinnati tied the 7-1 with a four-run seventh.

Mets 6, Cardinals 2
In the eighth inning, Andy Garciaparra's sacrifice fly in the eighth inning drove in the winning run, leading the Mets to a 6-2 victory over the Cardinals. Garciaparra's sacrifice fly in the eighth inning drove in the winning run, leading the Mets to a 6-2 victory over the Cardinals.

Astros 4, Padres 1
In the eighth inning, Jose Canseco's sacrifice fly in the eighth inning drove in the winning run, leading the Astros to a 4-1 victory over the Padres. Canseco's sacrifice fly in the eighth inning drove in the winning run, leading the Astros to a 4-1 victory over the Padres.

Braves 4, Dodgers 2
In the eighth inning, Fred McGriff's sacrifice fly in the eighth inning drove in the winning run, leading the Braves to a 4-2 victory over the Dodgers. McGriff's sacrifice fly in the eighth inning drove in the winning run, leading the Braves to a 4-2 victory over the Dodgers.

Angels 5, A's 1
In the eighth inning, Don Slaught's sacrifice fly in the eighth inning drove in the winning run, leading the Angels to a 5-1 victory over the A's. Slaught's sacrifice fly in the eighth inning drove in the winning run, leading the Angels to a 5-1 victory over the A's.

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Braves 4, Dodgers 2
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ing hits by Rowland Office, Joe Nolan and Pepe Frias, in a four-run fourth inning to defeat Los Angeles, 4-2.

Yankees 8, Indians 2
In the American League, New York's Steve Carlton pitched a four-hitter to lead the Yankees to a 7-1 victory over the Indians. Carlton pitched a four-hitter to lead the Yankees to a 7-1 victory over the Indians.

Twins 4, White Sox 3
In the American League, the Twins won a close game against the White Sox, 4-3. The Twins won a close game against the White Sox, 4-3.

Red Sox 8, Blue Jays 4
In the American League, the Red Sox won a close game against the Blue Jays, 8-4. The Red Sox won a close game against the Blue Jays, 8-4.

Brewers 7, Mariners 4
In the National League, the Brewers won a close game against the Mariners, 7-4. The Brewers won a close game against the Mariners, 7-4.

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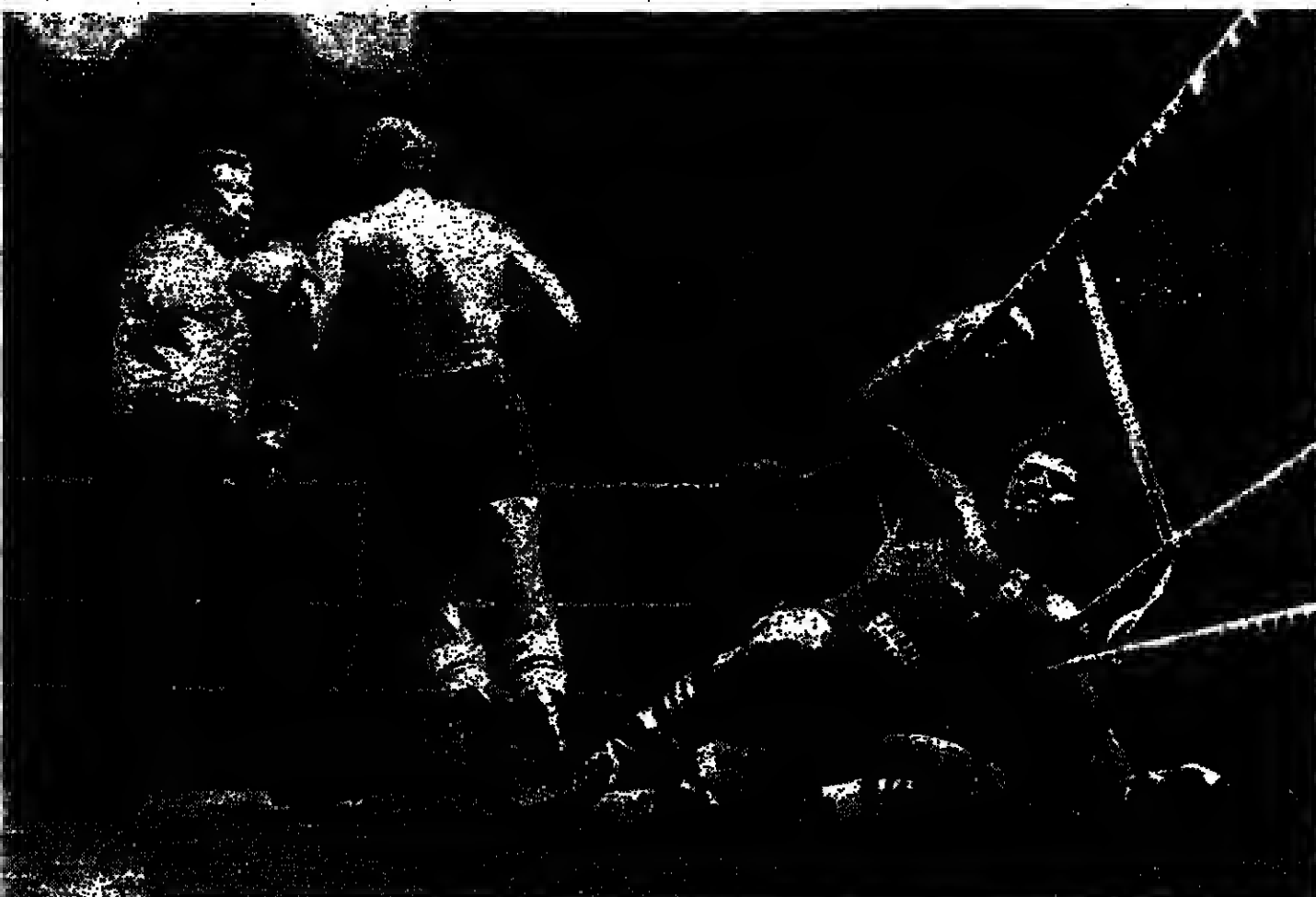
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Gerrie Coetzee walks away as Leon Spinks lies on the ropes in the first round of their heavyweight fight.

Coetzee Quickly Wins a Shot at the Title

By Michael Katz

MONTE CARLO, June 25 (UPI) — An overhand right with a hand that had undergone two operations sent Leon Spinks spinning toward a stunning first-round knockout loss here last night and put Gerrie Coetzee, an undefeated South African, into a bout this fall for one of the world heavyweight championships.

Coetzee, a heavy underdog, knocked the former World Boxing Association champion down three times before the referee, Isidro Rodriguez of Venezuela, stopped the scheduled 12-round bout after 2 minutes 3 seconds.

The 24-year-old South African had said that he noticed a weakness in Spinks in the American's two fights last year with Muhammad Ali. What he discovered, he said after the fight, "was to lead with the right."

The right landed on the side of Spinks' jaw, and the 1976 Olympic light-heavyweight champion crumpled, glassy-eyed. He bounced back up, shook his head a couple of times and then was sent sprawling into the ropes by another right. Again he got up, again he went down. The fight was over.

Coetzee, a 6-foot-3-inch former dental technician who weighed in at 221½ pounds, will now meet the undefeated John Tate for the WBA title that Ali will officially vacate next month.

Coetzee, who had his carpalus fused to the metacarpals in his right hand a year ago, weathered an early Spinks barrage. To the bewilder-

ment of some of Spinks' cornermen, the former champion quickly charged into Coetzee instead of feeling out the unknown opponent for a round or two as planned. But one American in the crowd of less than 1,500 in a temporary arena constructed on a parking lot within view of the Royal Palace said he had heard, "Come on, Leon, let's get out of here early," shouted by someone in the corner when the bell sounded.

Coetzee expected that Spinks "would come out like a bull." After taking a couple of left hooks to the head, he discovered something else about the 198½-pound Spinks.

"When he landed his punches," said Coetzee, "they didn't hurt me. I saw a couple of his fights when he was knocking opponents down. I did not know how hard he punched."

Spinks, who laughed at Coetzee when the South African landed a right-hander early in the round, fought back his tears as he left the ring and then sat in his dressing room, a wooden shack with windows, for about 45 minutes. At first he was alone with his wife, Norma, but then his mother also entered. "You were off guard," his

mother could be heard yelling at him. "You shouldn't fight off guard."

"Don't holler at me, momma," Spinks replied. "I just lost the fight, that's all."

Spinks, who has now lost two fights against seven victories and a draw as a professional, refused to meet the press. But when he finally left the shack, more than an hour after the fight, he told friends, "I'll be back. I'll be back."

Bob Arum, the promoter, said the Tate-Coetzee title fight would be held in South Africa "if certain conditions are met." Among those conditions, he said, would be a pronouncement by the South African Boxing Board of Control to make mandatory integrated seating at all boxing matches.

"It would be their first equal-opportunity legislation," said Arum. Coetzee has now won 22 fights since turning professional in 1974. His only victory of note before yesterday was against Katie Knott, who was stopped in the eighth round by Tate in the other semifinal bout leading to a shot at the title. Knott had had his U.S. visa revoked by the State Department.

Arum said there would be no trouble in having Coetzee return to the United States, where the South African has been three times to watch fights involving Ali, his boxing idol.

Spinks was taunted by many South African spectators who dominated the small crowd. A few knocked at the window of his dressing-room shack and called him "kaffir," Afrikaans for "nigger."

Mahmoud Fadel, a Spinks sparring partner who was knocked out in the second round of a preliminary fight against Lucien Rodriguez of France, tried to chase the taunters and they angrily attacked them.

Coetzee is only one victory away from at least a title. Larry Holmes, the World Boxing Council champion, has said he would not fight in South Africa, but a Holmes-Coetzee bout could easily be sold in the United States — provided Coetzee gets past Tate.

Leonard Triumphs
LAS VEGAS, June 25 (UPI) — Unbeaten Sugar Ray Leonard continued his string of victories here yesterday with a technical knockout over Tony Chiavarini, who failed to answer the bell for the fifth round.

Although it appeared the referee stopped the bout after examining an inch-long gash under Chiavarini's right eye, the boxer said later his corner tossed in the towel.

Leonard, 23, a 151-pound welterweight, is now 23-0.

Bob Gilder was fourth at 70-286. Ted at 287 were Bruce Lierke, Howard Twitty and David Graham. Twitty's 69 matched the best score of the day. Lierke had a 70, Graham 71.

Hale Irwin, who won the U.S. Open last week, shot 75-291. Jack Nicklaus, who designed the tough course that will become a permanent site for the Canadian Open, continued to encounter frustration. He shot a 77, including a ball in the water on the 18th hole, and finished well back in the pack at 293.

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HERSHEY, Pa., June 25 (UPI) — Nancy Lopez played steady golf as her challengers faltered yesterday, shooting an even-par 72 to win the LPGA Lady Keystone Open by two shots over Kathy Whitworth and Sally Little.

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Wimbledon Begins

Borg Gets By, Ashe Is Upset

WIMBLEDON, England, June 25 (UPI) — Top-seeded Bjorn Borg survived a shaky start here today to defeat Tom Gorman, 3-6, 6-4, 7-5, 6-1, and begin his quest for a fourth consecutive title on the opening day of the Wimbledon championships.

Second-seeded John McEnroe had an easier first-round passage against Terry Moor. McEnroe, who lost his opening match here last year, made no mistake this time with a 7-5, 6-1, 6-4 victory.

But Arthur Ashe, the 1975 champion, became the first seed to fall, beaten 6-4, 7-6, 6-3 by Chris Kachel, a little-known Australian.

And in another upset late in the day, the highly regarded Pat Dudge defeated Vitas Gerulaitis, 7-6, 6-3, 3-6, 6-3.

The first matches of the two-week tournament were interrupted more than an hour by showers, which left the grass courts slick and slippery despite their rain covers.

Despite the showery weather and unprecedented security precautions more than 27,000 spectators crammed into the arena to watch the opening day's play.

When the rain began McEnroe asked the umpire why the match wasn't being stopped and the umpire replied that it was up to the referee to stop play. McEnroe returned to service muttering "We are all going to sink."

Then he put his shirt over his head to serve, to the delight of the crowd, which showed no animosity towards him despite his well-publicized tantrums over the last two weeks in warm-up tournaments.

The match was eventually stopped with McEnroe leading 4-2 and 40-15. When they came back McEnroe won his serve but then dropped three successive games before squeezing out a 7-5 victory.

After that, Moor was outclassed as McEnroe took the heart out of him by winning the second set, 6-1, in just 26 minutes.

Ashe, the seventh seed and at 35 the oldest statesman among the players, fell to Kachel, who is ranked only 149th in the world. The Australian won on his service return time and again, leaving

"He just played better than I did today, that's all I can say," said the defeated No. 7 seed. "When you're young and have a bad day they call it inexperience. In your late twenties they call it the law of averages, and when you're older they call it old age."

Ashe wasn't the only former champion to be beaten on the opening day as Jan Kodes, the 1973 champion, was ousted by Hank Pfister, 6-3, 3-6, 7-6, 7-6.

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